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FINANCIAL TIMES

No. 27,303 Thursday June 23 1977 ***12p

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Suits
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NEWS SUMMARY

GENERAL

France

0 visit
China in
August

Cyrus Vance, the U.S. Secretary of State, is to visit Peking for four days of talks in August. The purpose of the trip was to discuss communications in the light of the Shanghai communique, a State Department spokesman said.

his document signed by the Chairman Mao Tse Tung President Mao in 1972, set stage for a relaxation of relations between the U.S. and the PRC. President Carter has said he favours 'full normalization' of relations with China. Aided a way can be found to maintain the security of Taiwan, though each of the two sides has exchanged diplomatic missions they have stopped of exchanging ambassadors use of the Taiwan problem.

BUSINESS

Gains in gilts; equities up 4.7

● GILTS advanced, encouraged by the successful sale of the variable-rate Treasury stock. The FT Government Securities Index rose 0.17 to 67.98.

● EQUITIES rallied as market sentiment improved, but trading was still thin. The FT 30-Share Index rose 4.7 to 446.7, its best of the day.

● STERLING gained 2 points to close at \$1.7198, while its trade-weighted index was unchanged at 61.5. Dollar's trade-weighted depreciation widened to 1.06 (0.91) per cent.

● GOLD fell \$1.75 to \$138.375.

● COFFEE prices were boosted by reports of a new frost threat.

Labour victory

frontations between Israel's Right-wing Government and trade unions are expected to bring the Labour Party's victory at the Hestradur Labour election. Labour agreed to win more than 50 per cent of the votes and thus its absolute majority in the island. Page 6

odesia attack

bin has accused Britain of verately helping Mr. Ian h, the Rhodesian Prime ster, to buy time. Dr. Sreke le, Zambia's Foreign Affairs ster, said that Britain's indid were a farce. In Rhodesia, members of the ruling Rhodent are to be expelled from party to-day, thereby paving way for the formation of a right-wing party.

EEC weighs up Japan concession

● EEC will consider an offer by Japanese bearing manufacturers to increase their export prices in response to allegations of dumping. But some EEC countries may want to reject the Japanese concession and levy a permanent anti-dumping duty. Back; News Analysis Page 5

● SOVIET UNION and Japan are near agreement on a programme of co-operation in nuclear energy. This has raised Japan's hopes of winning a big contract to make equipment for Soviet atomic power stations. Page 8

mbian riot

bian police used tear gas to disperse a crowd of rioting itors in the country's copper, who objected to seeing their es demolished to make way a city council project in ve. Page 6

ruption trial

Charles Hudson, 59, a former ough planning officer of Kenon and Chelsea Council, has remanded on bail until 15 on corruption charges. Page 12

in interview

American radio reporter, Audery Taylor, has said she had a telephone conversation with President Amin who claims to be alive and well and having elated honeymoon with his wife. Miss Taylor also as that President Amin has ed to be interviewed by her. Page 6

lefy

politicians and a police-ave been injured in a ng incident at Abongill, Ballymena Co. Antrim. 100,000 worth of silverware worth al thousands of pounds has stolen from Liverpool's ean Cathedral.

14 prisoners died and 14 injured in a fire in a cell of St. John's Prison, Newswick.

Government's Bill on direct-ions to the European Parlia- is to be published to-mor- Page 12

S. Navy reconnaissance air- has crashed on take-off from e Island in the Pacific. All eople on board were killed. 000's Socialist Government ed talks with the General ers' Federation in protest st demonstrations by ers over the high cost of g and wages freeze. Page 5

IEF PRICE CHANGES YESTERDAY

ces in pence unless otherwise indicated)

RISERS			
July 9pc 1980...28713	+1		
ec. 13pc 1986...1008	+1		
Electronic	110	+6	
2 News	188	+10	
Brook A	524	+4	
on Dewandre	94	+5	
Mail A	111	+4	
Ball	285	+7	
Intl.	221	+6	
Packaging	182	+14	
522	+9		
393	+8		
61	+7		
(J.)	36	+5	
Electric	168	+8	
Refrigeration	180	+35	
nan's Tubes	187	+5	
Plessey	82	+4	
Powell Duffryn	182	+4	
Prop. Inv. Finance	82	+4	
United Scientific	386	+6	
Furco	85	+8	
Palcock Mines	120	+15	
Saint Piran	56	+3	
FALLS			
Baird (Vim.)	130	-4	
11 (A.)	216	-6	
Bishopgate Prop.	31	-14	
Camellia Invs.	203	-7	
Henderson-Kenton	52	-4	
Jennings	85	-5	
Chemical	102	-10	
Lincoln R.R.Gour	43	-5	
UDS	62	-3	
Kloof Gold	340	-12	
Southway	283	-5	

Britain and U.S. agree on new air-service pact

Britain and the U.S. reached a new air services agreement at 5.10 am yesterday after a tense 12-hour session of talks and almost 11 months after negotiations began.

Outline agreement came 10 minutes after the London deadline, and news of the agreement was flashed through to Trans World Airlines, which had two aircraft circling over Heathrow uncertain whether talks had broken down.

A breakdown would have resulted in a suspension of direct services between the two countries.

The heads of agreement initiated by the two sides yesterday morning will form the basis of a final treaty to be signed in Bermuda next month. The main provisions are:

- 1-Capacity control. For the first time there will be a mechanism to control the number of scheduled flights on the North Atlantic.
- 2-Designation. Single designation—one airline from each country per route—has been agreed on all North Atlantic routes except London-New York and London-Los Angeles.
- 3-Routes. New routes from London to Houston, Atlanta, San Francisco, Seattle, Dallas-Fort Worth and Anchorage will be opened up, giving Britain six new gateways into the U.S.
- 4-Fit freedom rights. These rights, giving U.S. carriers the right to business worth \$42m a year by picking up passengers in London for onward flights and in Hong Kong for westward flights, are to be reduced but not, as Britain had hoped, eliminated.
- 5-Tariffs. An inter-Governmental working group will be set up to establish common ground about tariffs in advance of the usual negotiations between the airlines and the International Air Transport Association.
- 6-Charter services. Unlike the old Bermuda Agreement, the new pact contains a charter article. The U.S. has dropped its demand, however, that charters should be wholly regulated by the Bermuda treaty from next March. There will be further talks on this question, aimed at seeking a multilateral Euro-American solution.
- 7-All-cargo services. Much greater flexibility is to be allowed on cargo routes. Because of the acceptance of general combination rights, carriers will have greater freedom in determining routes.
- 8-Both delegations in the talks claimed the outcome was satisfactory and that their objections had been met. Mr. Edmund Dell, Trade Secretary, said it would give British airlines the chance to compete more effectively in a growing market.
- 9-The U.S. airlines, having started from the position last year that they did not want the old Bermuda agreement altered, felt that most of the gains had gone to the British.

Leyland and Renault set up joint working party

BRITISH LEYLAND and Renault Volvo at Douvrain in northern France, for instance, embarked yesterday on an important joint venture aimed at an eventual agreement on interchanging licences between the two companies.

In a statement issued simultaneously in London and Paris last night the companies said they were setting up a working party which would examine the possibilities for technical collaboration.

The decision to set up this formal body brings together the car interests of the two largest State-owned motor companies in Europe.

They made it quite clear last night, however, that the joint activities would be conducted on an arms-length basis. The object would be to co-ordinate their engineering activities so that in certain key fields each would be able to buy from the other rather than set up independent and therefore more expensive manufacturing facilities.

There is no intention at the moment to establish joint manufacturing companies as Renault has done with Peugeot and

Morpeth rebels may win vote

THE COUNCIL of the English Institute of Chartered Accountants is facing the prospect of a highly embarrassing defeat over the question of whether the Current Cost Accounting system of infating should become compulsory.

Latest reports suggest that a majority of Institute members could vote against mandatory implementation of the new accounting system at a special meeting which the Institute has been forced to convene on July 6.

The pattern of voting so far is thought to split about five to four against compulsory CCA and some Institute officials are now privately accepting that the CCA rebels could win.

But much will depend on the extent to which the Council of the Institute, which is Britain's largest and most powerful accounting body, can rally support for its policy in the remaining two weeks.

Yesterday Sir Ronald Leach, senior partner of the U.K.'s largest accounting firm, Peat

North Sea earnings help boost profits

COMPANY PROFITS continued to rise sharply in real terms during the first quarter, partly because of a "significant" increase in earnings from North Sea operations.

GROSS DOMESTIC PRODUCT (seasonally adjusted)

	Gross trading profits of companies	GDP average estimate, 1970=100
1975	107.7	5,254
1976	108.8	7,278
1st	109.1	1,779
2nd	109.2	1,684
3rd	108.3	1,761
4th	109.8	2,052
1977 1st	109.9	2,285

Source: Central Statistical Office

between the last two quarters, according to yesterday's figures. The Central Statistical Office, however, pointed out that on a longer view there was "good evidence" of an upturn in economic activity towards the end of 1976 and into 1977 since the average estimate of Gross Domestic Product rose by nearly 1 1/2 per cent between the last two half-years.

This is equivalent to an annual rate of about 3 per cent, but the economy appears to be growing much more slowly at present since domestic demand remains depressed.

Stockbuilding

Some of the small rise in output in the first quarter was explained by involuntary stockbuilding which is possibly being corrected now with industrial output flat in the past couple of months. There are hopes that export volume and investment activities and returns on other domestic operations have probably remained fairly depressed.

Returns

However, a large part of the improvement has come from profits on exports and returns on other domestic operations have probably remained fairly depressed.

Stamina

Then, if flagging MPs have the stamina, they will aim for the all-comers record achieved in 1981, when sittings on the Coercion Bill (an Irish measure, needless to say) lasted for 41 1/2 hours.

All-night MPs miss a day

PARLIAMENTARY records for marathon sittings went tumbling last night as MPs sat in continuous session on the report stage of the Price Commission Bill.

All mention of June 22 vanished from Westminster reference books as the sitting that started on Tuesday afternoon went through the night and continued all yesterday.

Big Ben

So weary did the Westminster atmosphere become that with a show of impressive symbolism Big Ben stopped at 4.20 p.m. and went slow for the rest of the evening.

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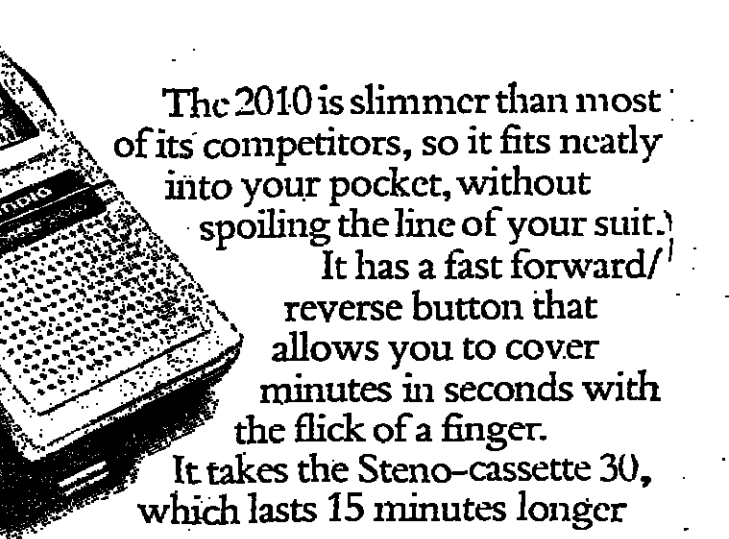
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Details and reaction, Page 16

The new Grundig Stenorette 2010. It leaves other dictation machines lost for words.



The 2010 is slimmer than most of its competitors, so it fits neatly into your pocket, without spoiling the line of your suit. It has a fast forward/reverse button that allows you to cover minutes in seconds with the flick of a finger. It takes the Steno-cassette 30, which lasts 15 minutes longer than any of its competitors.

For further information on the Grundig Stenorette 2010, fill in the coupon and post to: Grundig International Ltd., Newlands Park, London SE26 5NQ. Tel: 01-659 2468

Name _____ Tel: _____
Company _____ Position _____
Address _____



LOMBARD

Politics and protectionism

BY ANTHONY HARRIS

ANTI-DUMPING, countervailing duties, adjustment assistance, orderly marketing, voluntary restraints, regional aid, strategic capacity, limited tendering—the vocabulary of protectionism continues to grow. A world recession has obviously increased the pressure for protectionism, and a forthcoming trade negotiation has a way of making things worse; it has much the same effect as the buying off of restrictive practices in industry in encouraging the bargainers to stock up with something to sell. It can be argued, then, that some ill behaviour now is only to be expected.

All the same, the recent news can be made to look somewhat forbidding. The Zenith judgement in the U.S., which opens the legal door for countervailing duties against any country which remits VAT against exports, and the United States suit which tries to take a basic industry through that door are so frightening in their implications that everyone simply hopes that the U.S. Administration will succeed in its efforts to get the Zenith judgment itself overturned.

Other bodies

Meanwhile, other bodies add their contributions. Britain is trying to persuade Russia to charge Conference rates for shipping freights—and there is nothing particularly open about the Bermuda talks on air traffic either. The Japanese complain of shipping subsidies in Korea, the Italians of Japanese restrictions on their ski-boats, and the French, in apparent defiance of the EEC rules and the Lome Convention impose temporary quotas on textiles.

Idealism

On this reading of history, free trade has a good deal less to do with economic theory, and a good deal more to do with political idealism, than is generally acknowledged. British cotton trade policy, one of our creditable episodes, was really very generous to India and Pakistan; the Lome Convention, something for Brussels to take pride in, was another such effort to pursue the kind of policy towards the third world which Mr. Biken espoused.

TV/Radio

- BBC 1
6.40-7.35 a.m. Open University (UHF only). 8.41 For Schools, Colleges. 1.20 p.m. On the Move. 1.30 Rastine. 1.45 News. 1.55 Wimbledon Tennis. 4.18 Regional News (except London). 4.30 Play School. 4.45 Scooby Doo. 5.05 Blue Peter. 5.35 Ludwig. 5.40 News. 5.55 Nationwide (London and South-East only). 6.15 Wimbledon. 7.15 Top of the Pops.

F.T. CROSSWORD PUZZLE No. 3412

Crossword puzzle grid with clues for Across and Down.

- ACROSS
1 Bishop ran part of the course with a wive (8)
2 To move everyone softly but no go fast (6)
3 Tied to a railway? That's the limit! (8)
4 Avoid speaking to soldier returning with no note (6)
5 A vessel in Belgium (5)
6 Halt in order to glorify the innocent (5)
7 Draw or it could be lead (6)
8 Overseers for oriental people (7)
9 Ask for a bit of forbidden treatment (7)
10 Sketching material found inside (8)
11 Scintillating lover goes to ash (8)
12 Special Constable with no work has an exclusive (5)
13 A singular method of directing traffic (3-3)
14 Chatter and chant outside after game (8)
15 Meets oriental returning with respect (6)
16 Draw but it may be better photographed (4-4)
17 Transient globe emitted by a pipe (6)
18 A goddess spent thanksgiving for entertainment (5)
19 American city to avoid (5)
20 Chemical units of workers crib a little (4)

WIMBLEDON

BY JOHN BARRETT

Three score straight-set victories for Britain

AT LAST the sun shone on Wimbledon yesterday. It shone on a capacity crowd (the gates were closed before 4 o'clock) and it beamed down on a bright afternoon for Britain, which saw Sue Barker, Mark Cox and Buster Mottram score excellent straight-set victories.

Miss Barker, Britain's No. 3 and seeded fourth, was particularly pleased with her 6-1 6-3 win over Germany's Helga Masthoff, who beat her in the final of last year's British Hard-Court championships. She said afterwards: "I played like a dream."

Bad bounce

Britain's No. 1, Mark Cox, served irresistibly to crush the Australian No. 5, John Alexander 6-0 6-4 7-5. The left-handed Cox did not drop service once, and a single break in each set was enough to win the day for Cox.

He broke to take a 7-6 lead in the first set and held his nerve despite a couple of shaky moments. In the second set, Cox got his break in the seventh game, and in the third the two men battled to 6-5 before Cox got two break points.

Rewarded

But he persisted in attacking McMillan and was rewarded when he broke through once more with a spectacular diving backhand volley. This time the South African had nothing left, and Mottram served his way to victory.

ANGLIA

- 12.30 Close: Lesley Blair reads poems by Flora Larsson. All IBA Regions as London except at the following times:
12.35 p.m. Anglia News. 4.28 The Last Show. 4.48 News. 5.15 Home Movie. 5.25 News. 5.35 Sports. 5.45 News. 5.55 News. 6.05 News. 6.15 News. 6.25 News. 6.35 News. 6.45 News. 6.55 News. 7.05 News. 7.15 News. 7.25 News. 7.35 News. 7.45 News. 7.55 News. 8.05 News. 8.15 News. 8.25 News. 8.35 News. 8.45 News. 8.55 News. 9.05 News. 9.15 News. 9.25 News. 9.35 News. 9.45 News. 9.55 News. 10.05 News. 10.15 News. 10.25 News. 10.35 News. 10.45 News. 10.55 News. 11.05 News. 11.15 News. 11.25 News. 11.35 News. 11.45 News. 11.55 News. 12.05 News. 12.15 News. 12.25 News. 12.35 News. 12.45 News. 12.55 News. 1.05 News. 1.15 News. 1.25 News. 1.35 News. 1.45 News. 1.55 News. 2.05 News. 2.15 News. 2.25 News. 2.35 News. 2.45 News. 2.55 News. 3.05 News. 3.15 News. 3.25 News. 3.35 News. 3.45 News. 3.55 News. 4.05 News. 4.15 News. 4.25 News. 4.35 News. 4.45 News. 4.55 News. 5.05 News. 5.15 News. 5.25 News. 5.35 News. 5.45 News. 5.55 News. 6.05 News. 6.15 News. 6.25 News. 6.35 News. 6.45 News. 6.55 News. 7.05 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EUROPEAN NEWS



British roles on the stage at Strasbourg

The prospect of direct elections to the European Parliament has stirred up all the old arguments in Britain for and against the Community. The two big British contingents to the Parliament

are led, one by a European of long standing other by a critic of the EEC. Yet *F Times* writers, in profiles of the two men that both see merit in the assembly.

GEOFFREY RIPPON:

MR. GEOFFREY RIPPON has returned, if not to the centre, at least to the wings of the political stage as leader of the Conservative Group in the European Parliament. The appointment could have considerable repercussions for the Tories if they win the next election.

For Mr. Rippon, the Minister who was responsible for negotiating Britain's entry to the Common Market under Mr. Heath's overall command, is a

By Richard Evans, Lobby Editor

political heavyweight in every sense of the phrase—and political heavyweights are lacking in the present Shadow Cabinet.

The significance of the reconciliation between Mr. Rippon and Mrs. Thatcher which his appointment demonstrates, is that he is now in the running to be the next Conservative Foreign Secretary. The present shadow spokesman, Mr. John Davies, is by general consent an

unlikely candidate: Sir Christopher Soames seems no nearer to acquiring a Commons seat; Mr. Douglas Hurd, the brightest of the younger Tories inclined towards foreign affairs, lacks the necessary experience; and Mr. and Mrs. Heath's relationship with his leader remains cool to put it mildly.

JOHN PRESCOTT:



A reluctant bow to the inevitable



Cat among the dancing mice

It is widely acknowledged that Mrs. Thatcher despite her great efforts including visits to the U.S., China and Australasia, is still a novice in foreign affairs. Mr. and Mrs. Heath's relationship with his leader remains cool to put it mildly.

JOHN PRESCOTT, at first glance, is a political paradox. A member of the European Group, he advocated British withdrawal from the EEC during the referendum campaign and remains staunchly opposed to any moves towards a federal Europe.

Yet since he began attending European Parliament sessions two years ago, he has pursued his duties there with a gusto and dedication which put to shame the half-hearted participation of many Euro MPs who claim to be more in sympathy with the Community's goals.

Far from working to undermining the European Parliament, Mr. Prescott is often to be heard haranguing his colleagues for failing to take their responsibilities seriously enough. His brusque and impatient manner has set some people's teeth on edge, but he has won respect as an aggressive debater and a shrewd tactician who clearly delights in taxing EEC Commissioners and ministers with awkward questions.

A former merchant navy steward who was active in the 1966 seamen's strike, Mr. Prescott, 39, has been MP for Hull (East) since 1970. Though he has failed to make much impact so far at Westminster, he has caught attention in the European Parliament in recent months by proposing a compromise solution to the dispute about British demands for an exclusive fishing zone of up to 50 miles off the British coast, and by mounting a campaign for stricter EEC measures to curb multi-national bribery.

His views have, by his own admission, been affected by his direct involvement in EEC affairs: now he merely says that for calling for a British withdrawal from the Common Market is "justified." But a more important influence, he claims has been his reluctant conclusion that continued British EEC membership is inevitable. For the Left to press its anti-Market case to the limit, he argues, would be to risk splitting the Labour Party.

Thus, Mr. Prescott accepts that direct elections must happen. He is concerned, however, that the powers of the future European Parliament (which, he insists, is no more than an assembly) should be carefully circumscribed to ensure that control over EEC affairs is retained by national parliaments. Not surprisingly, he favours a dual mandate system, though he recognises that it would mean changes in the working pattern at Westminster.

In a recent article in *Labour Weekly*, the party newspaper, Mr. Prescott suggested that ratification of direct elections should be tied to several conditions, including strengthening of the Commons EEC scrutiny Committee, postponement of the first elections until 1979, and a statement of principle opposing further powers for the European Parliament. He seems to be disappointed that these terms were not set out by anti-marketisers in the Cabinet. "What did they end up with?" he complains. "The promise of a free vote. What use is that to anybody?"

But while against any extension of the European Parliament's legislative functions, he sees a greater role for it as a kind of international watchdog. Obviously impressed by the investigative work done by Senator Frank Church's multi-national subcommittee in the U.S. Congress, he believes that the European Parliament might follow this example. He would favour granting its committee power to subpoena witnesses, if necessary.

Mr. Prescott, who was elected leader of the Labour delegation to the European Parliament on the retirement of the mild-mannered Mr. Michael Stewart last year, believes that his experience can be helpful in shaping the "least worst" policy for the Left.



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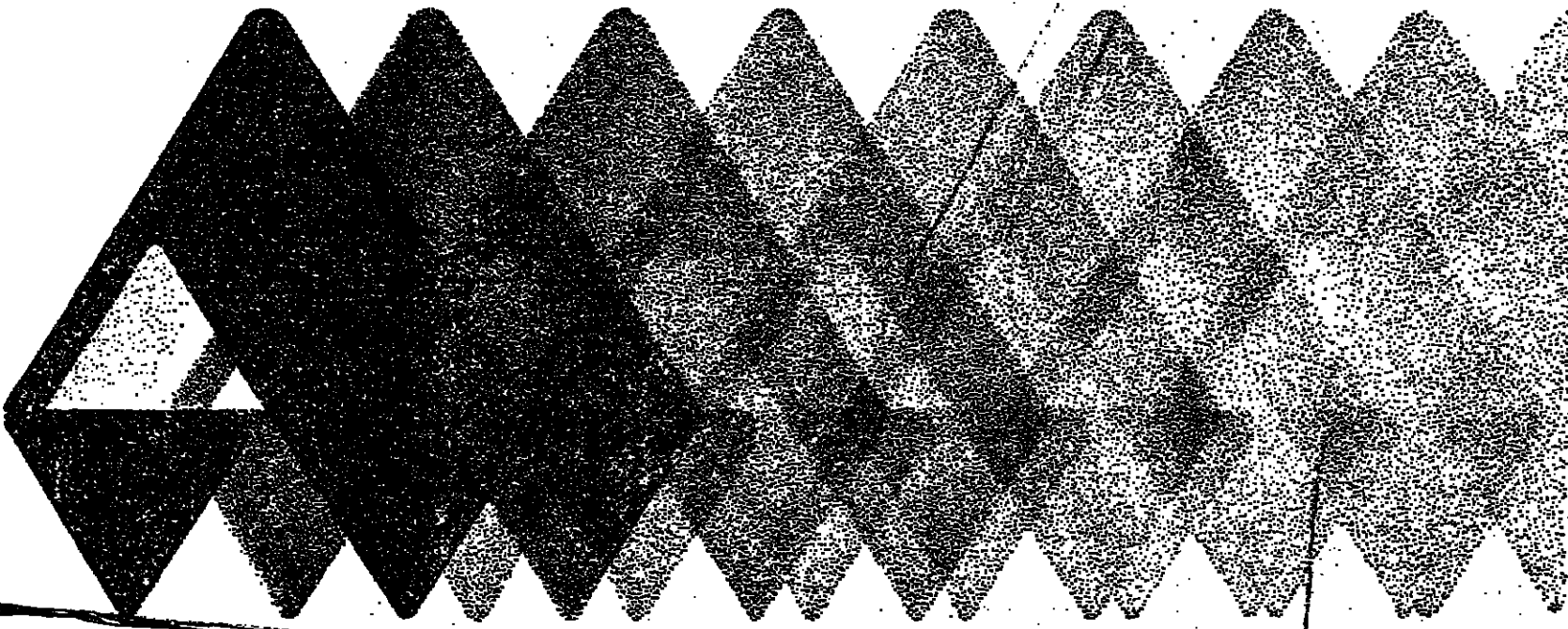
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Terrorism in Italy takes a new turn

By Paul Setts
ROME, June 22. FOR THE third time in as many days, urban guerrillas this morning shot another "enemy of the people," Sigismondo Nicolai, the vice-secretary of the Christian Democratic Party branch of "Italia," near Florence. He was wounded in the legs. The most militant of the Red Brigades extremist movement claimed responsibility for the shooting which follows similar attacks against a Rome university professor yesterday and a factory manager in Milan on Monday. Yesterday's attack on Sigismondo Nicolai, Dean of the economics faculty of Rome University, by a commando of women terrorists, marks a new phase in the current wave of political violence afflicting Italy. With slogans like "Amazonas 1st" and "the witches are afoot but this time they boot," women are taking an increasingly active part in movements such as the Leftist Red Brigades. This began last year when three women shot and wounded a leading Italian gynaecologist in a feminist protest. In a series of subsequent attacks women extremists blew up a smart Milan boutique, took part in the shooting of Sig. Giovanni Deodati, chairman of the Italian private oil industry association, and blew up a one University computer system.

Soares breaks off union negotiations

By Diana Smith
LISBON, June 22. PORTUGAL'S minority Socialist Government has broken off its talks with the Communist-dominated General Workers' Federation. The move is an angry response to today's mass demonstrations by labour against the high cost of living and wage freeze, bringing strikers out on the streets of major cities and towns. Prime Minister Mario Soares' position is awkward. For four months, he refused to accept the Confederation's quest for talks and only on opponents to his right withdrew Parliamentary session last month did Soares abruptly decide to open to labour (and the Left).

Agenda shock for Soviet side at Belgrade talks

BY PAUL LENOVAI BELGRADE, June 22.

NINE non-aligned nations today presented a draft agenda for the 38-nation follow-up conference on European security in October which goes well beyond Western proposals and must be seen as a severe blow to the Soviet side.

The agenda, introduced in the afternoon session by Austrian chief delegate, Dr. Franz Ceska, on behalf of Austria, Switzerland, Sweden, Finland, Yugoslavia, Malta, Cyprus, Leichtenstein and San Marino, proposes that the main conference should not only review the implementation of the 1975 Helsinki accords and provide for further detente measures, but also decide on holding further similar meetings, including one of the type to be held in the autumn.

Thus the proposal is not a compromise but a new draft agenda, the third to be tabled. It also points to laying down an approach which must have come as a shock to the Soviet bloc which insists on a general discussion with no commitments in October. The nine non-aligned countries, however, want to pin down East and West now that they will commit themselves to further Belgrade-type meetings. Point two of the agenda envisages the discussion of such modalities and point three goes even further by proposing that the October meeting should accept a final document. As a concession to the Soviet bloc, such a final could contain decisions about the improvement of security and co-operation, but it also should contain a clear cut commitment, including date and location of a follow-up meeting to the forthcoming Belgrade conference.

Maltese development plan in trouble

BY GODFREY GRIMA VALETTA, June 21.

MALTA'S seven-year development plan, the economic blueprint launched in 1974 through which the island was to achieve a self-reliant economy before British military bases are completely closed down in 1979, has been badly hit by "three atrocious years of world-wide recession." As a result, modifications are being made to establish more realistic targets. Confirmation that the plan has been blown off-course was made by Lord Balogh, senior economic adviser to Prime Minister Dom Mintoff in an interview with the Financial Times. Lord Balogh, who together with Professor Paul Streeton worked on the drafting of the blueprint, is in Malta to review the island's economic performance.

Ministers face bleak OECD forecasts

By Robert Mauthner PARIS, June 22.

FOREIGN AND Finance Ministers from the 24 member countries of the OECD will begin a two-day meeting here tomorrow to review the industrial world's medium-term economic strategy, which has gone seriously wrong over the past six months.

The Ministers will have before them pessimistic forecasts prepared by the organisation's secretariat, which show that the average growth rate for the area as a whole is likely to be no more than 4 per cent in 1977, while its overall current account deficit will be in the region of \$25bn. This compares with the secretariat's original growth picture for 1975-1980 of 5.5 per cent.

So far as M. Emile Van Lennep, the OECD Secretary-General, is concerned, the criticism that the growth strategy has failed is now justified by one year's disappointing results. The secretariat is sticking to its now well-known view that the strong countries should expand their economies at a reasonable rate to help the weaker economies to export more and that the latter should concentrate on getting their inflation and trade deficits under control before they start refloating.

This policy, adopted by the OECD Ministers at their last meeting in June 1976, is now being seen as a bit tattered because some of the stronger economies have not been expanding fast enough to take the weight of the weaker countries' shoulders.

Japan, in particular, came under fire again at a meeting of the OECD economic policy committee last week for adopting expansionary policies which have boosted its exports rather than domestic consumption.

All the major OECD countries disagree with the optimistic Japanese forecast of a 6.7 per cent growth rate and a current account moving into deficit at the end of this year. The U.S., whose growth rate is also expected to be around 5 per cent this year and which will probably have a current account deficit of at least \$10bn in 1977, has already warned Japan and West Germany that it cannot be expected to bear the sole burden of the payments adjustments in the industrialised world.

France, USSR appeal for stronger detente efforts

BY ROBERT MAUTHNER PARIS, June 22.

FRANCE AND the Soviet Union today issued a joint appeal for an intensification of the efforts of all states to achieve East-West detente and urging new steps towards general disarmament under strict international control.

The joint declaration, together with two separate statements on detente and non-proliferation of nuclear weapons, was issued at the end of a three-day official visit to France of Mr. Leonid Brezhnev, the Soviet President, the first he has paid to the West for two years.

The Ministers will have before them pessimistic forecasts prepared by the organisation's secretariat, which show that the average growth rate for the area as a whole is likely to be no more than 4 per cent in 1977, while its overall current account deficit will be in the region of \$25bn. This compares with the secretariat's original growth picture for 1975-1980 of 5.5 per cent.

Swedish economy stagnant

BY WILLIAM DULLFORCE STOCKHOLM, June 22.

THE SWEDISH economy stagnated in the first quarter of this year and industrial production declined, according to figures released by the Central Statistical Bureau. Gross National Product was 3 per cent lower than in the last quarter of 1976, and industrial production declined, according to figures released by the Central Statistical Bureau.

The U.S., whose growth rate is also expected to be around 5 per cent this year and which will probably have a current account deficit of at least \$10bn in 1977, has already warned Japan and West Germany that it cannot be expected to bear the sole burden of the payments adjustments in the industrialised world.

Two Government initiatives to enable it to retain a minimum spinning output for strategic purposes. The programme includes Kr.53m in loans and Kr.30m in grants for a restructuring of the industry into two

Performance is one way to shorten a journey. Comfort is another.



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Inside there's ergonomically designed seating for five. Seating,

comfort, ventilation and space are exceptional. Great attention has been paid to the driver's position. He has an excellent view of the road and the sense of complete mastery over the car. The 528 has, as standard, speed related power steering - the power assistance is at maximum for parking yet reduces at speed to give road 'feel'.

As with all BMWs considerable research has gone into both 'passive' and 'active' safety. Should the worst happen the car has an overall integrated system to absorb impact energy. But the chances that this should happen are dramatically reduced because of the car's handling and response to the driver. The pleasure of driving the car also acts as a positive safety factor since it keeps the driver interested in and concentrating on the road.

The effect of the Five Series' balance of comfort and performance is to make every journey safer and shorter not only in real time, but also in the time one feels one has been driving. Ironically, the car gives so much pleasure that one usually feels that the journey has been too short.

	SPECIFICATION RESUME (MANUAL VERSIONS)				
	518	520	520i	525	528
Engine:	1766 cc	1990 cc	1990 cc	2494 cc	2788 cc
Max. Speed:	101 mph	109 mph	113 mph	117 mph	126 mph
0-60:	12.9 secs	11.4 secs	10.8 secs	10.6 secs	9.0 secs
Fuel Consumption:	23.7mpg* 26.0mpg* 24.6mpg* 26.0mpg* 21.9mpg*				
Price:	£4,979 £5,729 £6,099 £6,999 £7,449				

(BMW 520, 525, 528 Auto £390 extra)*Source of figures: Motor / Autocar



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OVERSEAS NEWS

Israeli union resistance expected

BY DAVID LENNON

CONFRONTATIONS between the new right-wing Israeli Government and the trade unions are expected following the victory of the Labour Party in the Histadrut labour federation elections yesterday. Despite losing heavily in the May 17 general election, the Labour Party recovered its strength sufficiently to win more than 50 per cent of the votes and thus hold on to its absolute majority in the Histadrut. The Likud bloc, which had hoped that Labour would do badly at the Histadrut polls, gained in strength but failed to attain enough seats in the convention to dominate. The Labour Party has avoided what could have been its virtual extinction as a big political force in the country for some years to come. Having retained its hegemony in the economically and socially pervasive Histadrut, Labour keeps some of the reins of power in Israel. However, it has now to undertake the soul-searching which it has avoided in the five-week period between

the general and Histadrut elections. This task is likely to involve considerable recriminations, which could lead to the ousting of many of the older party leaders, as well as a search for a clearer ideological platform. In recent years, the party adopted positions which were far from socialism, which it professed to represent. The result of the union election, which involved about half of the voters who cast their ballots in the general election, underlines the fact that the general election results were more a criticism of the Labour Party than a public vote of confidence in the right wing. The fact that the Labour Party held its own in the Histadrut is a clear indication that the public felt it had gone far enough in punishing the Labour Party for its failings of recent years. The Likud, whose representation rose from 23 per cent to about 30 per cent, could in other circumstances be pleased with its

Police put down riot in Zambian copper belt

By Our Foreign Staff

IN A graphic display of conflict between the authorities and residents of the Zambian copper belt, police used tear gas on Tuesday to put down a riot by 2,000 squatters who objected to seeing their homes demolished to make way for a city council project in Kitwe.

According to official reports from the area, the squatters refused to move from their compound when ordered to do so, and hurled rocks and bricks at police trying to evict them.

The incident was the most serious of its kind on the copperbelt for some time and served as a clear reminder of the tensions that have traditionally marked the area, whose copper provides almost all Zambian foreign exchange.

Government leaders have persistently attacked what are termed "dark-corner meetings" by clandestine politicians in the neat, Bemba-speaking towns of the copperbelt. Food shortages, exacerbated by widespread smuggling of essential goods into Zaire, inflation and the prospect of high stocks and low world demand keeping the copper price depressed, seem likely to fuel discontent.

Dr. Kaunda has already banned campaigning, apparently to keep the lid on the situation. Even the official Press has spoken of tribal manoeuvring on the copperbelt, adding to the problems President Kaunda has to deal with at home while maintaining his central role in the Rhodesia, Namibia and South African issues.

Presidential mystery

NAIROBI, June 22.

MYSTERY SURROUNDING a reported assassination attempt against President Idi Amin of Uganda last weekend deepened today as Radio Uganda maintained its four-day silence about his whereabouts. There was no confirmation of a report by a U.S. journalist, currently in Uganda, that President Amin was on a delayed honeymoon with his fourth wife.

Reporter Audrey Jane Taylor, on an educational tour with members of the Ugandan delegation to the UN, told the Columbia Broadcasting System (CBS) in New York that she had spoken to the president by telephone. "He assured me that there have been no threats on his life and that he is simply relaxing for a week and trying his best to stay out of the news" she said. Reuter

How coffee is saving Amin

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

INDICATIONS THAT the West Amin came to power, were about to begin to consider using the \$150m. with imports about \$120m. economic weapon against the Amin regime in Uganda coincide with somewhat startling figures from the latest budget, delivered in Kampala last week, which suggest that Uganda is financially stronger now than at any time since General Amin's accession to power in 1971.

Suggestions of economic measures against Uganda are not with what the international coffee market believes and despite the many purges over the past six years, Uganda still has a nucleus of trained officials apparently able to monitor the performance of at least the basics of the economy. High coffee prices have therefore saved Amin economically, while peasant coffee producers have presumably also benefited. But even the budget reveals the heavy dependence on the crop — which itself appears to be in decline, for only 137,000 tons were exported last year against 199,000 tons in 1974-75. Cotton, once a major export, has slipped from the 1970 record of 465,000 bales to only 138,000 bales last year. Copper production has been cut by nearly half (at 9,000 tons) and tea was only 3 per cent of exports last year.

Imports fell last year for several reasons, not least the suppliers' refusal to sell unless they received payment in advance in foreign currency. But while knowledge of the internal economy is impressive, it is clear that both trading and manufacturing have been severely hit over the past five years, with very few consumer goods in the shops and imported ones apparently going mainly to the army or "security services". It is very difficult to know how the average Ugandan lives: the country is immensely fertile, most Ugandans are farmers, and as they grow their own food they may not suffer too badly from the inflation — which even the budget puts at around 50 per cent last year. But with the present surpluses — and they are likely to be even higher this year if coffee prices on international exchanges) obviously afford the weapons and other equipment he needs to keep his regime going. There have been past rumours of loans of "friendly" countries, notably Libya. Uganda received a more orthodox \$25m. last year in IMF tranches and total exports in 1971, the year



President Idi

under him, in consultation funds from there is apparently in the pipeline. The donors collectively, Nor, on current necessary for the so economy Uganda h Trade continues, the most imports taking more than export last year, took 24 per cent. More than of imports, however Kenya, mainly in petrol, with some of general imports the Nine. Coffee dealers or market report that Ugandans fell seri with deliveries last because of Government indu slow the country's have been "100 per cent" in honouring The business con perhaps even th would strongly Western attempts Uganda's coffee — if boycott would in virtually impossi nature of the ma But some bus prepared to sanct a fascinating case week. Mitchell Cot sidian in Uganda alised without con an injunction fr court which r Ukers from Uganda the proce sold at London a The case is speci Cotts found itself back a loan to a sation after its Uganda company our the debt. It in against Uganda pr courts, which, pr many other com have.

Dayan takes hard line

By Our Own Correspondent

TEL AVIV, June 22. THE NEW Israeli Government will not seek peace with the Arab states on the basis of territorial concessions on the West Bank of the Jordan or in the Gaza Strip, Mr. Moshe Dayan, the new Foreign Minister, told his staff today. Mr. Dayan explained that he had agreed to quit the Labour Party and join the Government by the right-wing Likud, because he and Prime Minister Menachem Begin held identical views on this point. "Israel will not offer to divide the West Bank with an Arab state in order to achieve a peace settlement"

Lebanon needs '\$10bn. in aid'

BEIRUT, June 22.

PRELIMINARY estimates indicate that Lebanon will need \$10bn. to meet its overall reconstruction needs, according to the chairman of the Kuwait-based Arab Fund for Economic and Social Development. Dr. Saeb Jaroudi, who visited Lebanon earlier this week, told the Kuwaiti daily Al Watan that the Lebanese development and reconstruction council's plans for urgent projects to restore normality require an estimated budget of \$450m. This sum would only cover basic infrastructural projects, he added. Dr. Jaroudi said that the Arab fund was ready to participate in Lebanon's reconstruction. AFESD's activities had already begun with the conclusion of accords for loans totalling \$40m.

for two Lebanese projects. Lebanese press reports recently speculated that the government hopes to receive \$100m. annually from AFESD over the next five years, but recent experience has shown that the fund prefers to proceed cautiously on a scheme-by-scheme basis rather than dispensing blanket sums for non-specific reasons. Lebanon also hopes to obtain aid worth over \$110m. from the European Community in the near future. Meanwhile, the Government is expected to launch an initiative to convene a top-level inter-Arab meeting on the south and the question of the Palestinian presence in Lebanon. Foreign and Defence Minister

Fuad Butrus is to travel to Damascus to-morrow for talks with Syrian leaders on the Lebanese situation and Lebanese-Syrian relations, and to prepare for a long-awaited summit between the Lebanese and Syrian presidents.

The usually well-informed Beirut daily Al Anwar said that minister Butrus will also be preparing the ground for a stand-still summit which would bring together the leaders of Lebanon, Syria, Egypt, Kuwait, Saudi Arabia and the Palestine Liberation Organisation. Such a meeting would be expected to focus on South Lebanon and the application of the 1969 Cairo agreement regulating the Palestinian presence in Lebanon. (IPS)

DKB'S ECONOMIC JOURNAL

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Adjustment of finished products inventories is making steady progress

The increase of mining-manufacturing production (seasonally adjusted and compared with the previous quarter or the previous month in all cases) has continued to slow down, registering 1.4 per cent in the April-June quarter of 1976, 1.7 per cent in the July-September quarter, 1.7 per cent in the October-December quarter, and 0.5 per cent in the January-March quarter of 1977. However, it made a sound rally to 2.5 per cent in March, 1977 after a decrease of 1.9 per cent in February. According to the forecast index of manufacturing production, the increase in April is estimated to have registered 1.7 per cent in April for a continued gain for the second consecutive month for the first time since late 1976.

On a seasonally adjusted basis, Among leading business indicators, private orders for machinery (exclusive of ships) registered a decrease of 0.6 per cent in March after a sharp dip of 17.0 per cent in February. On the other hand, construction orders in March increased by 2.0 per cent over the previous month for the first time in four months and by 4.9 per cent over the year-ago level. Such machinery orders also are estimated to continue a sound gain of 7.1 per cent in the April-June quarter over the previous quarter, seasonally adjusted. Considering that the real performance generally has been lower than the earlier estimate in recent months (January-March, 1977 achievement standing at 78.8 per cent of the original forecast), however, an optimistic outlook for the April-June quarter is deemed unwarrantable.

The outlook of private plant and equipment investments in fiscal 1977, based on surveys by leading research organs based on inquiries sent out to leading corporations, also is anything but encouraging. According to such surveys, the average outlay for investments in all industries in fiscal 1977 is estimated to mark only a minor increase or a slight decrease in nominal terms over the year-ago level. However, the trends of plant and equipment investments are widely different by industries in fiscal 1977. For example, all such research organs are almost unanimous in envisaging high 20-30 per cent increases by such industries as electric power, automobile and petroleum refining in contrast to steep decreases of more than 20 per cent by some other industries, particularly iron-steel, shipping and commercial houses. The gap thus appears clear among different industries.

Under the circumstances, the rally of consumer spending, by the high bracket income stratum is considered to hold a cardinal key to the overall recovery of consumption.

Fiscal outlay & exports

The fiscal outlay for public works projects has been progressing soundly. Fiscal payment for public works projects in the January-March quarter of 1977 registered a fair increase of 70.8 per cent over the year-ago level (9.2 per cent decrease in the October-December quarter of 1976), and continued a sound gain of 12.2 per cent in April.

The amount of public works starts in February, 1977 also registered a sizable gain of 19.5 per cent over the level a year before.

The budget appropriation for public works projects in fiscal 1977 reaches a large total of ¥9,970.6 billion. If public works contracts concluded in the first half (April-September) of fiscal 1977 reach 73 per cent of the annual total as planned by the Government under its business propping program, the payment ratio under such contracts is estimated to reach around 35 per cent (contract ratio at 65.3 per cent and payment ratio at 30.9 per cent in the first half of fiscal 1976). In such a case, the fiscal outlay is likely to be smoothly propelled.

In the phase of housing investments, the number of housing starts, compared with a year ago, registered a decrease of 1.4 per cent in February and 1.3 per cent in March after a sound increase of 8.9 per cent in January.

However, the future outlook of housing investments appears encouraging inasmuch as housing starts based on loans extended by the Housing Loan Corporation last January will increase and the same corporation in April started acceptance of new applications for loans (for 30,000 houses).

Meanwhile, export-trade has continued favorable despite various deterrents, such as the rising move to restrict imports from Japan among other advanced countries and the high yen exchange rate.

Exports, customs cleared, in April registered a sharp in-

crease of 28.4 per cent over a year before. Leading export indicators also remained stiff in April. For instance, certified exports and export LC receipts in the same month continued to register sound gains of 24.6 per cent and 12.3 per cent, respectively, over the year ago levels.

Overall, major demand factors so far studied thus are following the mixed trends. However, the domestic business recovery is likely to depend on the fiscal outlay and export trade as two major supports for the time being.

Prices

On the price front, wholesale prices in April marked a 0.1 per cent decline from the previous month and a relatively moderate gain of 3.6 per cent over a year ago.

The commodity market has begun to show signs of stiffening moderately since May. In view of the recent trend of the supply-demand balance, however, the wholesale price keynote is expected to stay stable for the time being.

However, the constant move of enterprises for raising the prices of their products and the recent rally of the dollar exchange rate demand cautious watching.

The national average of consumer prices in March registered a sharp advance of 9.1 per cent over the year-ago level, thus surpassing the target set earlier by the Government (annual increase of 8.6 per cent in fiscal 1976).

The hike of consumer prices in March was attributable mainly to the rises of clothing, eggs and fruits.

The consumer price index in the Tokyo metropolitan district in April advanced sharply by 1.6 per cent over the previous month (up 8.4 per cent over a year ago) because of raises of school fees and public utilities charges, including the basic telephone rate.

The consumer price upswing continued into May because of the successive raises of other public utilities charges, such as subway, bus and taxi fares, as well as the stiffening of fish prices.

The rising keynote of consumer prices thus is likely to continue for some time.

CLAN CLASH IN PAPUA NEW GUINEA

CLAN FIGHTING in the rugged central highlands of New Guinea following the death of a five-year-old girl in a road accident, has resulted in the death and injury of two brothers of Papua New Guinea's Education Minister, Mr. Kobale Kale. The Minister himself had to be rescued by police yesterday.

and rushed to safety in Chimbu Province when tribal factions clashed and fought with bows and arrows and spears. Fighting erupted between two clans when one faction sought revenge for the killing of the child last week by a vehicle driven by Mr. Kale, who has been charged with causing the child's death by

PORIT MORESBY: dangerous driving registered and vehicle. Police riot squad rushed to the fight which quelled the fight between 300 warriors remained other from their territories. Renter

Parish pump poll

BY COLLEEN RYAN IN PORT MORESBY

PAPUA NEW GUINEA'S Prime Minister, Michael Somare, may have stolen the limelight at the recent Commonwealth heads of government meeting when he spoke as the representative of the youngest Commonwealth nation following the entry of the Seychelles and the doubtful status of Mr. James Manham. But Mr. Somare himself is facing a challenge to his rule, albeit of a more democratic nature, when the PNG electorate goes to the polls over the next three weeks.

This will be PNG's first election since independence and even at this late stage few Papua New Guineans are prepared to lay their bets either way on the outcome. Polling begins on June 18, and terminates on July 9. There is no shortage of political parties (three major and three minor parties), nor of candidates (870 are competing for 109 seats). National election issues are virtually non-existent. The election is being fought on parochial issues and between half and two thirds of existing members are expected to lose their seats.

Mr. Somare heads a coalition of his own Pangu Pati, the People's Progress Party (led by Finance Minister Julius Chan), and several pro-Somare-Chan independents. This coalition has survived five years of rule overseeing the granting of self government and the attainment of independence. It has succeeded in steering the economy through an international recession, stemming successive crises from the copper-rich island of Bougainville, and calming foreign fears that Papua, with its 700 or more cultural and linguistic groups and warring tribal factions, would be just "another Congo". Yet, despite its much-vented

policy of development from the village level the Government has attracted criticism that it has ignored the "real people of the country" — the villagers. This has been the cornerstone of the opposition United People's Party's campaign together with a promise to reduce the country's dependence on food imports through the establishment of state-farming complexes, rice and sugar industries set up with foreign assistance. The three month long election campaign has been relatively uneventful, punctuated by Pangu and UP, diff major emphasis on ment, and improve educational fast A United Party would be more foreign investors aimed to tread care forship with Ir port for the coun; brothers in Iran; within the UP can The next govern fore bound to be. In the popu Michael Somare sidered an outrigh his position after depend on how hi Other runners ir Chou, the Finance leader of the PPF Abal leader of the Pangu has lost g port over the la largely due to a p lations network, ar pay the penalty tion in seats. PFP, on the of worked steadily in and could emerge a coalition partner. One force whi doubtedly be mor the new parliamen Abajah's Papua E sion. This party has sentatives in the ment but has been strongly and has r support within Par Originally a sec it is now campaign form of regional n Several powerfi, none of them cloe the major politica port Josephine's philosophy. An alliance of could result in a abandonment of th system of governi grouping of the provincial govern powerful regional



As the same index estimated a 2.8 per cent decrease in May, however, industrial activity apparently has not completely departed from the prolonged slump despite a modest rally in the past few months. Shipments in the mining-manufacturing sector made an increase of 2.8 per cent in the January-March quarter of 1977. In the same quarter, an increase of 2.9 per cent was recorded in March after a decrease of 1.7 per cent in February. Reflecting the stiff trend of production and shipments, inventories of manufactured products held by producers in March declined by 1.0 per cent for the first time in seven months. As a result, the inventory ratio index (1970:100) of manufactured products held by producers in March sagged to 123.1 from 128.0 in February, although it still stood at a high level. In this situation, inventory adjustment is expected to continue brisk for some time. Among major industries, the iron-steel, metal goods, machinery, chemical and petrochemical industries slashed production in March for reducing inventories. Equipment investments Private plant and equipment investments have continued lethargic. In the trends of key indicators closely related to private plant and equipment investments, shipments of capital goods (exclusive of transportation machinery) registered a decrease of 4.5 per cent from the previous month

Consumption expenditure All these surveys were made before the start of the new business propping program by the Government. However, early recovery of plant and equipment investments is considered difficult in view of various deterrents, such as the still low equipment operation ratio index (1970:100) at 87.4 per cent in the manufacturing sector in March, the still gloomy demand outlook and the low level of corporate

earnings. Personal consumption expenditure has made no specific change. According to the household budget survey, the national average of household consumption expenditure in January registered an increase of 12.9 per cent over the year-ago level apparently due to the unusual cold spell. The comparable increase of such expenditure in February declined to 8.2 per cent. Among key indices closely related to personal consumer spending, the national total of department store sales in March made a modest gain of 7.4 per cent over a year before. Total sales of chain stores in March also registered an equally moderate increment of 8 per cent. The increase of the average balance of note issue also registered a relatively restricted gain of 10.7 per cent in March and 9.8 per cent in April. Personal consumption expenditure thus has not shown least signs of starting a recovery, at least for the time being. As to the future trend of personal consumer spending, the wage raise through Shanto (spring labor drive for higher pay) this year is estimated to have been almost the same in scale as in 1976. The increase of overtime in March was low at 5.7 per cent over a year before. The employment front also has remained quiet. The effective opening to application ratio stayed at a low level of 0.62 in March on a seasonally adjusted basis. The regular employment index also continued to stand below the year-ago level in the same month. Against this severe employment backdrop, the household consumption posture is destined to continue cautious. What is considered particularly noteworthy in the recent consumption trend is the higher growth of consumption by the low bracket income stratum to eclipse by far that by its high bracket counterpart. A closer scrutiny into the surplus of the household budget, however, the low bracket income stratum appears to be striving to reduce savings sharply in favor of consumer spending under the heavy burden of borrowings, including repayment of loans for land and housing.

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AMERICAN NEWS

Carter signs Bill against collaboration with Arab boycott

WASHINGTON, June 22. President Jimmy Carter signed into law the very heart of a bill which prohibits American companies from coming with the Arab boycott of Israel under most circumstances and promised that his administration would "effectively enforce" the new law. The President said that he had signed the anti-boycott provision because it raised profound issues from which Congress and the Administration should not be excluded. He took the opportunity of a special signing ceremony to speak warmly of the American relationship with Israel, which has been increasingly strained in the past few months by the Administration's plans on the use for far-reaching Israeli concessions. Mr. Carter said that "my country about foreign boycotts" issued of course from Israel well as from the economic, military and political relations with our countries. But the issue also goes to the very heart of free trade between all nations. In his remarks, the President made no mention of Arab warnings in the past week that American companies risk being placed on the Arab boycott list if they comply with the legislation now signed by the President. The new law, the President said, was not directed against any particular country and was not an attempt to interfere with the sovereign rights of other nations. But he went on: "If we allow such a precedent to be established, we open the door to similar action against any ethnic religious or racial group in America." The new law effectively prohibits American companies from complying with the boycott but gives them a grace period to renegotiate existing contracts and gives important exemptions to subsidiaries of American companies operating in Arab countries.

Wildcat strikes aggravate coal production losses

NEW YORK, June 22. A SERIES of wildcat strikes are spinning seriously to affect coal production. They stem only from the announcement of a new contract for the week that miners will receive lower wages and benefits from the union's health and retirement funds. The trustees of the funds said they had to be cut back because of coal production losses brought on both by last year's severe weather and the rash of unauthorized strikes that has plagued the coal mining industry some time. The UMW has just emerged from a bitterly contested leadership election, which saw the presidency retained by Mr. Arnold Miller with little semblance of unity. In particular, it is acknowledged that grassroots confidence in the union leadership is not high and the hierarchy's control over its members is dubious. Meanwhile, the Senate yesterday passed a Bill strengthening existing mine safety regulations, and transferred their enforcement to the Interior from the Labour Department.

South Korea Government tried systematic bribery

WASHINGTON, June 22. FORMER head of the Korean Central Intelligence Agency told a congressional committee today that the South Korean government systematically attempted to influence American policy through a bribery operation in Congress in the early Seventies. Mr. Kim Hyung Wok, the first Korean operation which has caused great concern in Washington, said that President Park Chung Hee of South Korea had sought to influence Congress because he feared that the U.S. would reduce military assistance to the regime. President Park, while establishing a strong dictatorial team, was always aware of the United States reaction. He saw that the opposition of the government and U.S. Congress would have great influence in his dictatorial acts. He told the House of Representatives International Relations Committee that he had not named any of the recipients of Korean money nor did he give any specific details of the operations in the U.S.

Mitchell begins jail term

John Mitchell, the former Attorney General, was sentenced to a year in prison for his role in the Watergate scandal. He was sentenced to 30 months for his role in the cover-up of the break-in at the Democratic Party headquarters in Washington on June 17, 1972. Mitchell, 50, entered the Federal House of Detention in New York yesterday, one day early, to avoid public scrutiny. He is spending the past two years of his sentence in a prison.

Economic debate

UN General Assembly will convene on September 13 for a four-day discussion of the new international economic order. An official spokesman said yesterday, the debate will be held in the North-South conference in Paris which ended on June 3. The assembly will then open its regular three-month autumn session, the thirty-second, on September 21. The assembly shaved last year's thorough debate on progress and a new international economic order until final results of Paris dialogue between developing and industrialized nations.

Visitors to Cuba

The most powerful U.S. business delegation yet to visit Cuba held talks yesterday with officials here on prospects for trade between the two countries. Reuter reports from Santa Maria, near Havana, that the visit, by representatives of the American Chamber of Commerce, is a further exploration by U.S. business of potential trade with Cuba, with a view to an eventual removal of the U.S. embargo on trading with Cuba.

Botha and Vance clash on suffrage

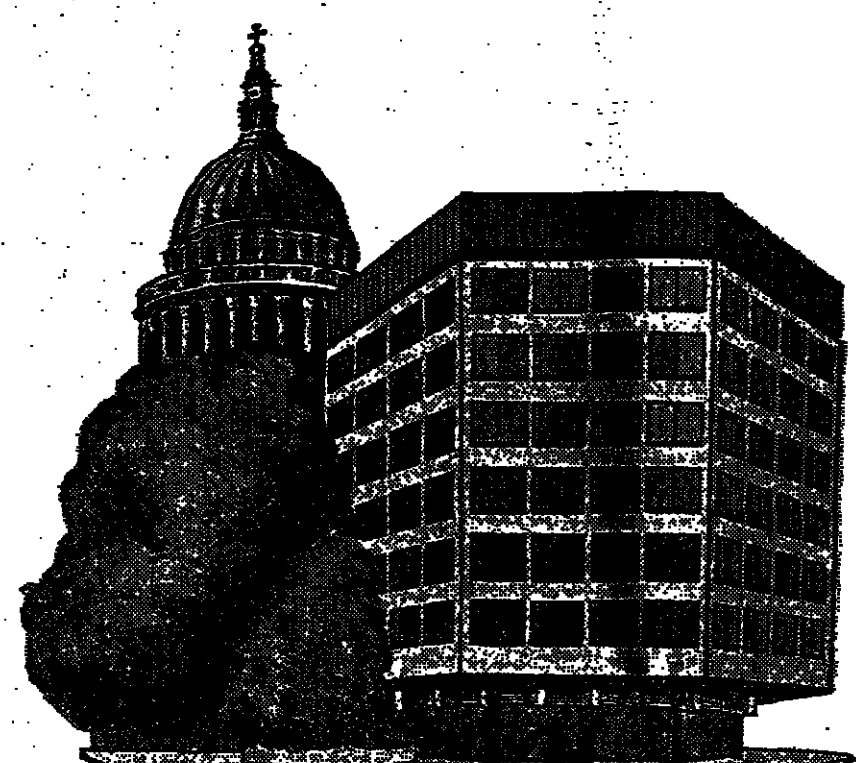
WASHINGTON, June 22. MR. CYRUS VANCE, the U.S. Secretary of State, last night had a 90-minute private meeting with Mr. P. W. Botha, the new South African Foreign Minister, who afterwards acknowledged that it had done nothing to improve relations between the two countries. Mr. Botha said that "it is always good for countries to be absolutely frank with one another" and added that he had told Mr. Vance that South Africa rejects "the principle of one man one vote for South Africa." The United States has been urging the South African Government to move towards the implementation of this principle. The Foreign Minister said that to accept this principle was out of the question "for the simple reason that if you accept a vote on a global basis you would be outvoted. If that is insisted upon I am afraid there will be a rapid worsening of relations." American officials said that the Administration was concerned that the South African Government, to judge by its public comments at home, had still not appreciated the fundamental change in American policy. It was clear from Mr. Botha's comments to reporters after the talks that he had been, as one official put it, "a little brusque."

THE U.S. SACCHARINE BAN PROPOSALS

Tubby Americans weigh their chances

BY NANCY DUNNE IN WASHINGTON

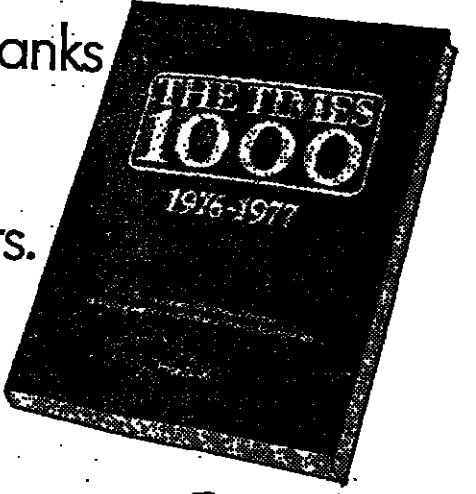
AMERICAN REGULATORY agencies have rarely stirred up such a public outcry as the Food and Drug Administration (FDA) with the proposed ban on saccharine. Dieters, Diabetics, Dentists, doctors, and representatives of the diet food and beverage industry have protested vigorously, many of them disputing the scientific evidence that saccharine contains ingredients liable to cause cancer, and calling for further tests. More than 10,000 letters against the ban have flooded the FDA offices in Washington—the highest volume of mail received by the agency on any one issue in its 71 years of existence. A recent poll, conducted by Group Attitudes, showed that 80 per cent of those questioned feel that the FDA proposed the ban before it had sufficient evidence. Public scepticism is understandable. Scientists and doctors of equal expertise have come forward to argue both sides of the case, and their testimony is not only complex but often confusing. Physicians from the Ralph Nader Health Research Group, for example, say that studies have shown cancer to have been produced by the equivalent of no more than 1.5 bottles of sugar free soft drink per day. Researchers from the California Control Council, which represents the industry, contend that the rats in the most recent tests, conducted in Canada, were fed abnormally high quantities of saccharine—the equivalent of 1,200 bottles of diet soft drink or 4,000 packets of saccharine for every day of the average human life span. Mr. Michael Jacobson, co-director of the Centre for Science in the Public Interest, says if smaller dosages had been used an impossibly large number of rats would have had to be tested. In any case, Mr. Jacobson contends, if something causes cancer in large dosages, it can cause it in small dosages—but though less frequently. Dr. Richard R. Bates, FDA associate commissioner for science, says the Canadian tests which precipitated the ban indicate that "at the highest risk level" for humans, four persons of 10,000 would develop bladder cancer if they drank one 12-ounce can of diet drink every day. Other scientists contend that saccharine is responsible for 1,000 cases of bladder cancer a year in the U.S. In direct contrast, Dr. Randall B. Lee, executive director of the American Society of Bariatric Physicians, who treat obesity, says the possibility of bladder cancer ought to be weighed against the damage a lack of saccharine will inflict on the 60m. Americans estimated to be overweight. If current saccharine use continues, he believes, the maximum extra incidence of cancer would be 94—not 1,000—cases with a mortality rate of approximately 25 per year. On the other hand, he says, if 100m. diet drinks sold annually are replaced by sugar-sweetened drinks, the U.S. population would consume an additional 10 million (million million) calories annually, which would put an additional 600m. pounds of fat on to them, and in turn could cause up to 25,000 additional heart attacks each year. The academy of General Dentistry has also protested against the ban, not only because it would mean more sugar being used, but because most commercial fluoride toothpastes and bladder cancer than was the use of artificial sweeteners. These conclusions directly contradict a recent American epidemiological study conducted by Dr. Irving Kessler at Johns Hopkins University, who examined the diets of 1,000 victims of bladder cancer and found no link between the use of artificial sweeteners. Under heavy pressure from constituents, House members voted on Monday to block the FDA proposal for at least a year, refusing the agency the funding to enforce the ban. Other stopgap bills have been introduced in both houses ordering the National Academy of Science Institute of Medicine to study the contaminants in commercial saccharine, since further tests have shown that they may be the substances actually containing the carcinogens. The institute will also be instructing the study and advise on food additive legislation. The controversy could ultimately lead to the Delaney Clause being changed, a move which the new FDA commissioner, Dr. Kennedy, said may be desirable because of the problems involved in animal testing. But no legislation is likely to resolve the basic conflict faced by consumers who want protection from dangerous substances as well as a wide variety of convenience foods. Most are loaded with extra chemicals, some of which may be harmful.



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KS DEBA

WORLD TRADE NEWS

NEWS ANALYSIS • BEARINGS
Japan gives a little

BY DAVID BUCHAN

BRUSSELS, June 22.

THE OFFER this week by Japanese bearing makers to raise their export prices to Europe by the rough equivalent of the provisional anti-dumping duty which the EEC has imposed on them since February will probably settle the case, if it is approved by the EEC Council of Ministers. But it does not mean a formal concession of dumping by the Japanese. The European manufacturers have been accusing the Japanese of dumping for nearly 18 months. Indeed, the European industry has claimed that Japanese export prices to Europe are 25-40 per cent below the domestic price—in other words, substantially higher than the 10-20 per cent dumping duty which the EEC Commission has seen fit to impose on the Japanese since February.

Investigation has centred. Commission officials considered that they had found evidence of dumping after examining the books of European importers of Japanese bearings, evidence which they felt was confirmed when EEC officials went to Japan early in May. Low Japanese prices have also inhibited European manufacturers from making their normal price rises, thus decreasing profitability in the European industry. According to Commission officials all of the big Japanese makers have been making losses in the past year—a fact which tended to confirm suspicions of sales below cost prices. The big four Japanese bearing makers have expanded into Europe. Koyo has a plant in Holland, NTN in Germany, Nachi in Spain and NSK in Belgium, Durban in the U.K. These are mainly assembly operations, but have considerably helped sales in Europe. No EEC manufacturer—and perhaps only the Swedish SKF group—has anything that merits the description of a 'toehold' in the Japanese bearing market. The EEC exported only 230 tons of bearings to Japan in 1975, compared with 20,190 tons in the opposite direction.

Norwegians plan 'aid by trade'

By Fay Gjester

OSLO, June 22.

NORWAY, which last year spent Kr.1.2bn. (\$123.5m.) on direct aid to the developing nations, intends to promote aid by trade as well. Norimpo, a newly created office of the Norwegian Trade Ministry, is to encourage increased imports from the developing countries by providing 'practical commercial guidance to exporters and producers in developing countries,' the Ministry states. The new office, which started its activities following a Storting (Parliament) decision, has announced its existence to potential exporters in some 150 countries, via a mailing campaign. At the same time, it is building up contracts with Norwegian importing companies that have customers for the Third World goods. Norimpo will not itself engage in trade, nor will it deliberately encourage imports of cheaply-produced goods that could undercut Norwegian exporters. Mr. Jon Bratt Ottes, its manager, says the aim is partly to switch imports from traditional suppliers in developed countries.

Moscow and Tokyo near agreement on nuclear plant

BY DAVID SATTER

MOSCOW, June 22.

THE SOVIET State Committee on Atomic Energy and the Japanese Atomic Council are nearing agreement on a programme of Soviet-Japanese co-operation in atomic energy. Progress in discussion on an overall energy co-operation agreement is expected to give impetus to the atomic reactor equipment deal which was also discussed by Mr. Mori with the Soviets. A Japanese consortium including Mitsubishi, Hitachi and Toshiba is negotiating for the contract to manufacture atomic energy equipment in Japan, according to Soviet specifications. The Japanese estimated last July that the cost of the manufacturing plant for its Soviet blueprints would be Yen100bn. but Mr. Mori said he believes the price may be higher now as a result of inflation. Japanese sources said that progress in the negotiations is being delayed because the Soviets would like to make the deal for the nuclear power station equipment on a compensation basis in return for uranium which the Japanese already get from the U.S. Prospects for the contract are still believed to be good, however, and although the equipment which the Soviets are seeking is not discussed, it is believed to consist of pumps, heat exchangers, evaporators, steam generators and possibly turbines. The Soviet Ministry of Power and Engineering has had problems in furnishing all the necessary auxiliary equipment for the ambitious Soviet power station programme, which calls for the construction during the present five-year plan of nuclear power stations capable of generating 13,000 to 15,000 MW.

Anglo-Japanese contract Zambia

The London branch of Mitsui has been awarded an export order from Zan for operation with gear manufacturers, Dale I. The U.K. Some 29 sets will provide the main part of the new Zan munification system. Mitsui has already supplied generating sets for wave earth satellite in the U.K. The main part of the project and turbine responsibility supply, installation and commissioning of the sets, will be early in 1978.

U.S. gas cylinder Tube Investments, up a \$20m. plant in the production of big industrial gas cylinders of making 250,000 a year for the U.S. and an ammonia, hydrogen helium, compressed other gases. The like of the plant, it said, one of the fast-growth states.

Furnaces for C ASEA has received order through the company, Danfoss for 10 of arc furnaces for a works being built a burg in the Republic. This is order for industrial hitherto received by

Dell plea food impo By Michael van Os THE ADVISORY BOARD necessarily high imported foods on battle against inflation stressed here today by Mr. Edmund Dell (Secretary of State for Trade) in his speech in the House of Commons. Mr. Dell's speech annual luncheon of the British Chamber of Commerce, was delivered by A. R. K. Slater, secretary of the Board of Agriculture, which has eight months been in three times as fast; products within the

DUNBEE-COMBEX-MARX

Making a big play overseas

BY DAVID WALKER

A MAJOR expansion in overseas activities is planned by Dunbee-Combex-Marx, Britain's biggest toy company, spearheaded by its American subsidiary, Louis Marx. DCM bought Louis Marx from Quaker Oats in an \$8.2m. deal in April last year, nine years after it had acquired the former U.K. interests of the Marx company. In the four years after Quaker Oats bought it for \$29m., Louis Marx of the U.S. had moved from significant profits to a \$7.5m. loss for 1975. Last year, DCM managed to turn that round to slightly beyond the break-even point, while in 1977 the U.S. operation is expected to notch up a \$4m. (\$2.3m.) pre-tax profit on sales of \$70m. (\$40.7m.). But the big push for increased sales is likely to be made in 1978. That will include not only a major new products exercise in Louis Marx's domestic market but a big increase in its overseas interests—quite apart from those handled from the U.K. or by already established DCM subsidiaries elsewhere. It has been introduced on the Australian, British and West German markets over the last 10 years, but only through low comes from overseas, although the larger part of its 1976 profit of \$5m. and its expected 1977 profit of around \$5.5m. is major West European launch.

with an extensive promotional campaign stressing the safety aspects of the vehicle (in the U.S. the traditional design of tri-cycle is likely soon to be banned on safety grounds) can be expected shortly. This will follow market research in a variety of countries which produced results which were so good (32 per cent of those questioned expressing a preference for the Big Wheel over traditional trikes) that Marx insisted on their being done again. Already, preliminary talks have been held with plastic moulding concerns which could manufacture the toy, and the possibility of a new directly-owned European factory to produce it is under consideration. Other overseas thrusts are coming in Canada, where a distribution company has just been opened in Toronto, following the old Louis Marx company's subsidiary, and in Mexico, where a licensing deal has just been signed with Marx Mexico, which is still owned by Quaker Oats. This was the most profitable part of the old Marx company, and had been offered to DCM when it bought the remainder of the business. The U.K. group turned it down, however, because it says, but knew too little about the Mexican market and is also involved in a significant amount of sub-contracting in the colony. But the factories are small—totaling something over 50,000 square feet against the 1m. sq. ft. Marx has in the U.S.: New production facilities are seen as necessary and they may well be outside the U.S. Other Far East countries, Haiti and the Dominican Republic are among the possibilities looked at, with expansion in Hong Kong also under study. A decision is likely within the next few months with a small-scale production trial following next year before any final commitment.

Hard currency problems continue

BY DAVID LASCELLES

THE SOVIET UNION was 1.3bn. roubles (\$18m.) in the red on its hard currency trade during the first quarter of 1977 according to preliminary estimates prepared by the Moscow Narodny Bank. This suggests that the slight improvement noted towards the end of last year has not lasted, though the Bank notes that seasonal factors like the icing of northern ports may be involved. The Bank's definition of hard currency trade differs from the classification used by the Soviet Foreign Trade Ministry and is thought to give a better idea of the trade balance. Imports of some 2.9bn. roubles (\$39bn.) show a rise over previous quarterly averages while exports fell slightly to 1.6bn. roubles (\$22bn.). In other words, the Russians were covering only just over half their imports with exports, the deficit being previously covered by Western credits and gold sales. The Soviet Union's continuing failure to improve its hard currency trade balance is now expected to lead to some reduction in imports. This appears to be the general impression gained by U.S. officials during their recent trade negotiations with the Russians, Treasury Secretary

Michael Blumenthal and Commerce Secretary Krapo reported that the Soviet Union had said a drop in trade was inevitable over the next two years.

Table with 3 columns: 1975, 1976, 1977. Rows: Exports, Imports, Deficit. Values in roubles and million roubles.

Canada reviews clothing imports

BY VICTOR MACKIE

OTTAWA, June 22.

ALL TYPES of clothing from developed countries such as the U.S., Britain and other European countries would be permitted free access to Canada under recommendations in a report on the Canadian garment trade made public by Mr. Jean Chretien, the Industry Minister. Goods from 21 low cost and state trading nations would be subject to varying degrees of restraints to be negotiated individually. The report offers a blueprint aimed at bolstering the ailing garment industry while ensuring adequate supplies of low cost imports. It was prepared by the Canadian Textile and Clothing Board. Arrivals of most clothing commodities from all sources have been restricted to 1975 levels this year. That programme was extended last week until June 30 next year. The Board's principal recommendations are: Imports of 15 categories of apparel from all sources should remain on the import control list which permits monitoring of arrivals but does not restrict quantities. Negotiated restraints would be required for all 15 categories when imported from Taiwan, Hong Kong and South Korea. Only specified items from the other 15 countries would be controlled. All bilateral arrangements should become effective on July 1 next year. For most items first-year levels of imports should be set at figures achieved in 1975 or this year whichever are higher. Growth and export years would be keyed to permit foreign sources to share with Canadian makers "the actual growth of the Canadian market." Imports of outerwear, sweaters and all men's and boys tailored shirts should be held to this year's figures. Permits to bring in shirts should be allocated quarterly. General preferential tariffs which afford lower rates of duty to certain countries should be removed from leather garments. Import permits should be issued to importers—rather than exporters—by the Canadian Government.

Indian jute in 'worst crisis'

BY K. K. SHARMA

NEW DELHI, June 22.

INDIA'S JUTE and textile industries have said they are not in a position to make purchases. Many mills have told the Cotton Corporation of India that because of cost escalation and unfavourable trading conditions, their inventories have been depleted. The Corporation has been asked to hold the raw cotton on their behalf—a request which has been turned down, summarily. The order of the Jute Commissioner fixing the maximum price of raw jute (Assambottom variety) at Rs25 (E15) on June 15 has come too late because there is little fibre left to buy. The Commissioner has also fixed the quantity of stocks the mills can hold. The association said that apart from the shortage of fibre, which at best could match the current production level for another fortnight, many mills were short of cash, partly because of unpaid bills by the central government. Textile mills are claiming they are in the same difficult position. Although imported raw cotton has started coming in (nine ships carrying 120,000 bales are waiting for berths at Bombay), the mills have said they are not in a position to make purchases. Many mills have told the Cotton Corporation of India that because of cost escalation and unfavourable trading conditions, their inventories have been depleted. The Corporation has been asked to hold the raw cotton on their behalf—a request which has been turned down, summarily.

U.K. ECONOMIC INDICATOR

Table with multiple columns showing economic indicators for June, May, and April 1977. Includes unemployment, currency reserves, trade, industrial output, and consumer spending.

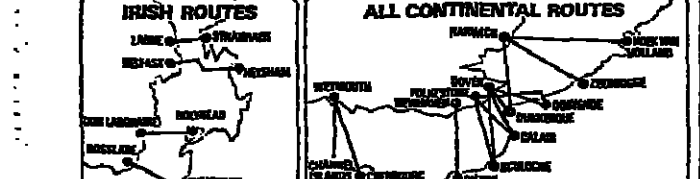
J. Richman to join Thomas Tilling group

Mr. J. C. H. Richman is to become managing director from August 15 of GASCOIGNE GUSH AND DENT, a principal operating company in the Thomas Tilling group. Mr. Richman will resign from the Board of Ransomes Sims and Jefferies to take up his new position. Mr. R. W. Rishton has been appointed director and general manager, Angus Fluid Division, Walsend, of DUNLOP LIMITED. He succeeds Mr. E. W. Corbett, who is retiring early to take up an appointment outside Dunlop. Mr. G. N. Natta takes over from Mr. Rishton as director and general manager of the Polymer Engineering Division, Leicester, and Mr. A. L. McKillop replaces Mr. Natta as general manager of Dunlop GRG Division operations in Manchester. Dr. E. L. Dattow has been appointed chairman of HARDY AND CO. (FURNISHERS) and continues as chief executive. Dr. M. L. Slavov has retired as chairman and has been made president. Mr. Richard Adamson managing director of WILLIAM LEECH (BUILDERS), has been appointed to the additional post of deputy chairman. Having reached retirement age, Mr. Keith Anderson will retire as executive deputy chairman of the GUTHRIE CORPORATION at the end of July but will remain on the Board as a non-executive director. He is to be succeeded as executive deputy chairman by Mr. Mark Gent, at present regional chief executive, South-East Asia Region, resident in Kuala Lumpur and who has been an executive director of the Guthrie Corporation since 1968. Mr. Gent will be returning to the U.K. later this year but he will continue to have supervisory responsibility for the South-East Asia Region which he will visit a number of times each year. Mr. G. F. L. Proctor, a senior partner with Paisner and Co. has been appointed to the Board of TRUST HOUSES FORTS. Before the merger of the Trust Houses Group and Forts Holdings in 1970 to form Trust Houses Forte, Mr. Proctor was responsible for most of Forts Holdings' legal work. Mr. Lewis R. Cooke has been appointed a director of the Outer London Regional Board of NATIONAL WESTMINSTER BANK from July 1. Mr. Cooke retired in April as director and general manager of the Bank. Mr. John Turnbull has been appointed an executive director and head of the banking department of CHARTERHOUSE LIFE. He was previously the vice-president and regional manager of Manufacturers Hanover Trust Company, New York, responsible for corporate business development with European companies. Mr. J. P. Collis has relinquished his appointments with ROYAL WORCESTER SPEDA and Royal Worcester Spoda and subsidiaries. Mr. L. T. Davies, a director of Royal Worcester Spoda, has been appointed its chief executive. He continues as a director of Royal Worcester Limited and chairman of Royal Worcester Industrial Ceramics. Mr. P. Thompson, marketing director of Royal Worcester Spoda, becomes its deputy chief executive responsible to Mr. Davies. Mr. Robert Goodden is to be the next chairman of the CRAPPS ADVISORY COMMITTEE of the Department of Education and Science and will take up the appointment in September for three years. Sir Paul Sinker was chairman from the time the committee was established in 1971 until his death earlier this year. Sir Duncan Oppenheim, a member of the committee, is acting as chairman until September. Mr. G. M. Ramsey and Dr. W. G. Scott have been appointed directors of IVORY AND SIME and Mr. J. D. Anderson has been appointed an assistant director. Following the sale of Reliance shares by C. P. Chouhary, Sons and Partners, Mr. C. P. Chouhary has resigned from the Board of RELIANCE KNITWEAR GROUP. Mr. Brian B. Smith, managing director of H. R. Howard and Sons, is to join the Board of Reliance Knitwear Group from July 1. Mr. T. Kenfield and Mr. J. East have become directors of L. S. L. HOMES, following their acquisition of that company from the Lillstreet Group. Mr. Ron Blakey, previously U.K.



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Justification

HOBSON'S BANK?



BARCLAYS

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NATIONAL WESTMINSTER

In August 1976 the Labour Party National Executive Committee (NEC) proposed that the four main clearing banks—Barclays, Lloyds, Midland and National Westminster—should be nationalised.

The Party Conference passed the proposal—although the Government is against it and the Prime Minister called it “an electoral albatross”.

We, the banks listed below, believe that public ownership of banks is a matter for public discussion. We would therefore like to question some of the NEC's basic assumptions and also ask you what you think—whether you are for or against bank nationalisation.

MONOPOLY MONEY.

The NEC claims that the present situation “has put into the hands of the banks and other financial institutions a vast concentration of private power.”

Yet, if the big four really share a virtual monopoly between them, could the Government—by owning them all—fail to enjoy an even greater monopoly?

But what of the NEC's assertion: Is it even true?

At the end of 1975, \$74 billion was deposited with the main financial institutions in the UK. Of this, the clearing banks held 29 per cent only.

COMPETITION FOR DEPOSITORS' FUNDS	
SHARE OF DEPOSITS IN THE UK AT DEC 1975	
20%	NATIONAL SAVINGS BANK NATIONAL SAVINGS CERTIFICATES & BONDS TSB etc.
5%	BUILDING SOCIETIES
26%	OTHER COMMERCIAL BANKS
29%	LONDON CLEARING BANKS

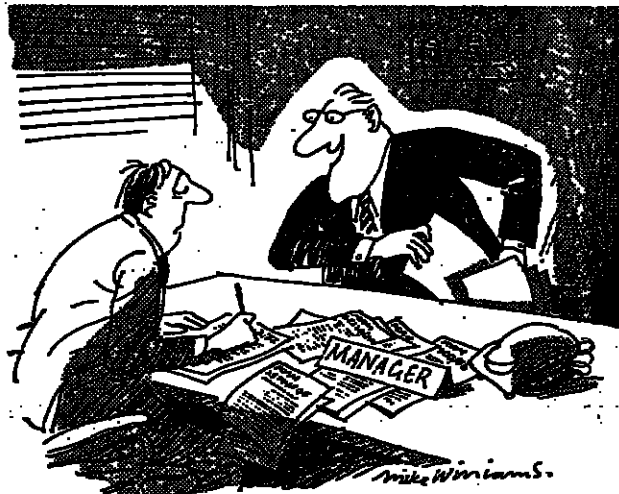
SOURCE: CSO

DO BANKS REALLY COMPETE?

At present you have a choice among any of the main High Street banks named below. They compete with building societies, Trustee Savings Banks, National Savings, unit trusts, finance houses, foreign banks and the Post Office Giro for your money. And they compete with each other.

THE BATTLE OF THE HIGH STREET.

But, with 12,000 branches of these banks up and down the country, it is often at local level that competition is most real.



"A CHOICE SIX? OF COURSE! WE HAVE FORM 4798/8C2 IN BUFF, GREY OR THE STANDARD OFF WHITE"

Take a town like Luton. It has a population of 165,000 and 26 bank branches. Someone wanting to open an account or wanting to borrow money could go to any of these branches. Or, for certain services, to one of the competitors already named.

It's the same all over the country. Most bank branches are small, often not much bigger than the shop next door. And the local branch manager is given a lot of freedom. He is expected to make a success of his branch—to understand his customers, to know

about local industry and business. Competing—as at present—against other local bank branches, he soon loses customers if he gives poor service or is unreasonably cautious about lending.

HOW WOULD NATIONALISATION HELP?

The NEC document offers few clues on freedom of choice or how nationalisation would help customers. Indeed it rarely mentions them. All it says is that the separate identities of the banks would be retained. But would it be real competition if the difference were in name only?

WHERE WOULD THEY GO?

The NEC first contemplated nationalising only one bank. But they recognised that most customers would

switch to the other banks. So they are now proposing the nationalisation of the Big Four.

Their instinct was sound. Recent market research has already shown that 55 per cent of customers say they would probably not stay with their bank if it were nationalised.

It is not difficult to imagine where the grass would seem greener. There are many alternatives for personal customers, and business customers could turn to the 300 or so merchant and foreign banks in the City.

DID YOU KNOW?

About one in seven of bank customers have changed banks at some time in their lives—28% because they thought another bank would give them better service.

PUBLIC DISCUSSION.

Over 10,000 people have already sent us their own views on the Banks Debate.

What do you think about the issues raised here?

How would nationalisation affect competition between banks? Would branch managers be able to exercise as much personal judgement? Would services grow better or worse?

If you have views on these questions—whether for or against bank nationalisation—please let us know. It will increase our understanding of public opinion on this important issue.

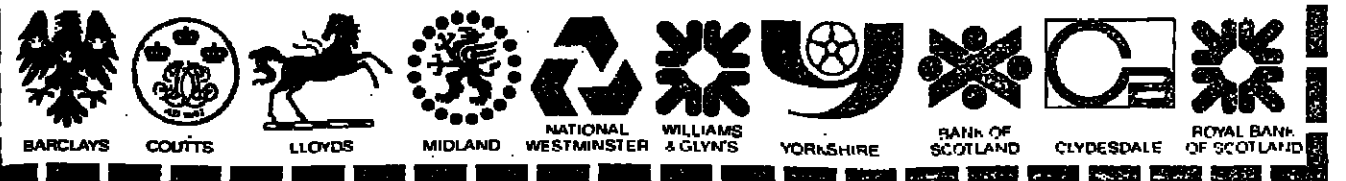
We will do our best to answer every correspondent.

NOW TELL US WHAT YOU THINK.

You can write your comments on this coupon alone, or enclose it with a letter. Address your reply to THE BANKS, 10 Lombard Street, London EC3V 9AP. Or deliver it to any branch of any bank listed below, in an envelope marked "The Banks Debate."

Name _____ Address _____

THE BANKS



HOME NEWS

Brent field to be shut for about 4 months

BY KEVIN DONE

OIL PRODUCTION from the Brent Field, the largest discovery in the North Sea, is to be stopped for about four months. Production from the Auk Field will also be shut down next month.

J & B scotch group plans fifth distillery

BY KENNETH GOODING

INTERNATIONAL Distillers and Vintners, the J & B Rare Scotch group, is making plans for its fifth scotch whisky distillery.

Pensions for disabled no problem says survey

BY ERIC SHORT

THERE IS no significant problem for disabled employees becoming members of pension schemes, according to a survey by the Occupational Pension Board.

Record profit for South of Scotland Electricity

THE South of Scotland Electricity Board yesterday reported a record profit of £22,290,000 for 1976/77.

SAVE WASTE PAPER and SAVE IMPORTS!

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Duke criticises standard of offices

MANY OFFICES in Britain, particularly those for the Civil Service, were barely suited for human habitation, the Duke of Gloucester said in London yesterday.

Presenting awards for the Office of the Year contest organised by the Institute of Administrative Management, the Duke, a qualified architect, said that describe an office as a machine for work conjured up images of battery hens.

An office was an instrument for working in, and its environment should be tuned to the people employed there.

The Institute was right to publicise the very best. Although its contest was unlikely to help bear fruit in office design immediately, it might do so in future, the Duke said.

The award for a specifically designed new office building was won by Truman's for their brewery in Brick Lane, East London.

The offices of Bland Payne, of Queen's Road, Norwich, won the award for accommodation within the shell of a speculatively-built office development.

Study shows Scotland had trade deficit

BY RAY FERMAN, SCOTTISH CORRESPONDENT

NEW FUEL was added yesterday to the political fire over whether an independent Scotland could be economically viable.

The results of a detailed study of the Scottish economy, using a model produced jointly by the Scottish Council Research Institute, the Fraser of Allander Institute at Strathclyde University and the IBM U.K. scientific centre, showed that in 1973 Scotland had a trade deficit of £253m, or 4.5 per cent of gross domestic product.

This was made up of a trade imbalance with the rest of Britain of £965m, partially offset by a surplus of £115m with the rest of the world.

Although Mr. Douglas MacDonald, chairman of the Scottish Council Institute, said yesterday that he hoped the results would not be used the wrong way in the sensitive political atmosphere in Scotland at present they are bound to be used by the nationalists and their opponents.

The results provide ammunition for both sides. The trade deficit, although it will be contained, is a confirmation of Scotland's continuing dependence on the U.K., is less than half the £601m. estimated for 1973 by a previous study which was eagerly seized on by Government Ministers as a stick with which to beat the Scottish National Party. The picture is also clouded by the issue of offshore oil.

Investment The study shows Scotland to have a highly diversified

economy, no longer concentrated on the traditional industries of shipbuilding and heavy engineering.

It also confirms that Scottish industry has been devoting more resources to investment than the U.K. as a whole over recent years. Investment during 1973, excluding dock building, was £1,547m, which was 27.5 per cent of GDP at factor cost. This compared with a figure of 22 per cent for the country as a whole.

The most lasting benefits of the study may take some time to come through. It is the largest input-output analysis undertaken in Britain since the Central Statistical Office completed its survey of the U.K. economy using 1968 data later updated to 1972.

One of its strengths is the high response rate—100 per cent in several industries which provided it with source of much of the data. The average response rate was very favourably with 75 per cent of returns to the Frazier Institute.

Having published the Frazier Institute work for follow-up work throw new light on the structure of the economy and how changes in the individual industries affect the economy as a whole. Professor James H. Frazer, who supervised so much of the work on the model, hoped the Scottish take on the task of it model so that its fit be kept relevant.

Plutonium stocks 'considerable'

THE PLUTONIUM by-product of nuclear fuels from Japan for reprocessing would remain at the Windscale plant in Cumbria for a minimum of five years, Mr. Con Allday, managing director of British Nuclear Fuels, said yesterday.

At the Windscale inquiry at Whitehaven, Mr. David Widdicombe, QC, representing nine environmental groups opposing the planned expansion at Windscale, asked: "I understand you will be storing Japanese plutonium at Windscale at least for a period?"

Mr. Allday: "Yes; for five years in any event, or until they need it."

Mr. Widdicombe suggested that Windscale would find itself with "considerable" stocks of Japanese plutonium after reprocessing. Mr. Allday replied there would be 15 tonnes of reprocessed plutonium from the home programme and 25 tonnes from overseas fuel from 1987 to 1997.

Mr. Widdicombe posed the possibility of a sudden evacuation of the Windscale site by the workforce of 4,000 people. The point was taken up by Justice Parker, conducting the inquiry, who asked Mr. Allday: "supposing the new plant is built and is in complete operation and on a Tuesday morning everyone except, say, yourself suddenly disappears from the plant; what would be the effect on the safety of the operation?"

Mr. Allday said the plant design would provide for automatic close-down or a running down which would not cause harm, and he could not envisage serious consequences for a period of weeks or even months. There might be a long-term risk in the highly radioactive waste storage tanks through which cooling water had to be passed.

No avoiding atomic p

BY DAVID FISHLOCK, SCIENCE EDITOR

SIR JACK RAMPTON, Permanent Secretary at the Department of Energy, said in London yesterday he had no personal doubts about the outcome of a present debate on Britain's nuclear future.

The question, he told the British Nuclear Forum, was not whether Britain needed a nuclear programme but how big a programme it needed. One of the most powerful reasons for nuclear energy was the impossibility he foresaw for even quite modest rates of coal raised big problems whether enough people would be found to mine it, and whether the nations would allow it to be exported.

With oil, political considerations would remain about uranium because it was limited and the reasons for nuclear energy were the impossibility he foresaw for even quite modest rates of coal raised big problems whether enough people would be found to mine it, and whether the nations would allow it to be exported.

Code of conduct purchasing instit

BY JAMES McDONALD

THE INSTITUTE of Purchasing and Supply, which has about a third of its 14,000 members in the public sector, has produced an anti-corruption code of conduct, banning acceptance by buyers of expensive gifts and excessive hospitality.

The Institute's members handle business worth more than £75m a year. The code lays down such rules as: Business gifts having a value of small intrinsic value, such as diaries and calendars should be refused.

While modest hospitality is deemed acceptable, the Institute says the line should be drawn when the level of hospitality might influence decisions.

Mr. I. G. S. (), director-general of said yesterday that breaching the rule expelled and might damage acceptance in the trade. "They are listed by most emp. The Institute's code is a more realistic attitude over the admission of disabled persons into pension schemes and there was little discrimination. The view seemed to be that if a person was fit for employment, then he or she was fit for the pension scheme. The Board was asked in May last year by Mr. David Ennals, Secretary of State, Social Services, to consider and advise on measures to eliminate any unreasonable restrictions on the availability of occupational pension scheme cover to disabled people. The main finding of the Board was that the chief difficulty of the disabled was in finding em-

Record members problem for Lloy

BY ERIC SHORT

LLOYD'S FACES the danger that this year's record number of membership applications, likely to exceed 5,000, would bring an unhealthy over-capacity in the marine market and possibly the aviation market. Sir Havelock Hudson, chairman, told members at yesterday's annual general meeting the need for additional capacity at Lloyd's varied significantly in the different insurance markets. The satisfaction of the needs of the non-marine market could bring with it problems of over-capacity in other sections.

In addition to the new capacity provided by new members, applications for higher premium limits by present members would add an extra £100m. to capacity. Sir Havelock stated that it was not surprising that there had been suggestions that the Committee of Lloyd's should impose some limitation on the number of new members.

However, he told members that the view of the Committee was that it should not interfere in the business of underwriting nuclear agents, and the decision as to how much additional capacity adverse.

Little indication given yet of the impact since 1974 was a natural disaster, nuclear agents, and the decision as to how much additional capacity adverse.

This would not help recruit costs also probably have reductions in loss applications, so delays. The association "There remains ease for simplifying plex planning laws, one should forget laws are complex. a complex job to do. Another local group, the Assoc District Council, is disturbed by the appoint assessors to monitor planning an English report of the House of Commons Planning Procedure, 50 pp.

Wine and spirit sales depressed

By James McDonald

SALES OF Spirits in the first three months of this year were substantially lower — 13.4 per cent — compared with the same period of 1976, and wine consumption in February shows a similar drop over the year, 13.8 per cent, says the Wine and Spirit Association.

Imported spirits were most affected. "Consumption of rum, brandy and liqueurs are all down by over 20 per cent," said Mr. John Egan, deputy chairman of the association.

Cognac, with its strong bias to on-licence sales, was less severely affected, but other brandies which rely heavily on off-licence sales dropped by over a third.

In the wines sector, including February, cumulative figures for the 13 months showed an overall fall of 12.7 per cent in consumption. Mr. Plozman, commenting on the decline, recalled the duty surcharge in December's mini-Budget.

"We expected levels to fall after the Chancellor's duty increase, but this is the second successive month of depressed figures. The March figures may well rise, but not enough to offset such setbacks.

"It is going to take a tremendous amount of work to rebuild a real growth pattern for wine sales. The present standstill on duties will help, but the trade is still actively seeking relief on prices and excise duty legislation to enable us to finance expansion."

The study works out the cost and performance of a mill using a 150 feet diameter rotor—the largest possible with helicopter blade technology — and a nominal rating of 1,000 kilowatts.

On the windiest sites, such as hills in the north of Scotland, where mean annual speeds are about 14.5 knots, aerogenerators could be developed at a cost of between £182,000 to £363,000 each which would produce power at a comparable cost to oil burning power stations. In other parts of the country such generators would not be economic.

But the report says that if a large wind power programme was needed to avert an energy crisis it would be technically feasible to install some 3,000 generators on hill top sites and another 7,000 along coasts. The environmental impact particularly on scenery, would be formidable.

The prospects for the generation of electricity from wind energy in the U.K. energy paper 21. SO. £2.25.

Councils to grant £1m. towards iron ore plant

TWO North-East councils are to give grants totalling nearly £1m. to North Sea Iron to help set up a £90m. iron ore complex on Tyne.

The Tyne and Wear Council's finance committee has agreed to give £612,000, South Tyneside's contribution will be £263,000. The grants, which will be paid over the next eight years, take account of Common Market aid which may become available.

North Sea Iron, a consortium which includes Sherness Steel performance by continual and informal contact. The plan, they say, would help spread good practice and provide discipline for those who required it.

The cost of appointing assessors, the MPs claim, would be fully offset by the increased efficiency they would promote.

If neglect of an assessor's recommendations by a planning authority were shown, on appeal, to have led to delays in dealing with applications, a financial sanction should be applied, the committee claims. It says that being made an assessor, who would give help and advice to local planning authorities and monitor their

Kessock bridge cost cut

By Our Scottish Correspondent

THE GOVERNMENT has accepted a £17m. tender for the Kessock bridge over the Beaulieu Firth, near Inverness, saving nearly £13m. on the lowest offer when the contract was originally put out to tender two years ago.

The bridge is part of the improvement of the A5 trunk route from Inverness to Wick, which is also to include a causeway across the Cromarty Firth. The original tenders were to a design now abandoned.

The contract has been awarded to a consortium of the Cleveland Bridge Company and Redpath Dorman-Lane. The bridge will be 1,052 metres long and have a navigation span of 240 metres. Work is expected to start next year and be completed in 1981.

Five tender to build Conoco rig

FIVE British and one French oil rig construction firms are competing for the world's largest oil platform rig for the Murchison Field are now under consideration by Conoco.

Conoco said yesterday that the tenders were being evaluated. It expected to make a decision before the end of July.

The rig will be the world's largest oil platform and is due for completion in early 1979.

Tenders being considered are from Redpath Dorman Long (a subsidiary of British Steel) at Meehill; Highland Fabricators; Laing Offshore at Graythorpe; McDermott (Scotland) at Ardross; and Union Industrielle d'Entreprise of Cherbourg.

Call to penalise 'perverse' local councils

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LOCAL AUTHORITIES who take "perverse and unreasonable" planning decisions which contradict Government policy should have the costs of appeals awarded against them, according to a report from the all-party Commons Expenditure Committee.

The report, published yesterday, was based on evidence put before an environment sub-committee on planning procedures. It claims that while the majority of small planning applications go through without undue delay, those involving larger schemes are in many cases taking far too long.

The MPs say that the time taken to decide appeals has been greatly reduced but it should still be possible to find ways of reducing it still further.

According to the report, the total cost to local authorities of administering the planning system was about £104m. in 1975-76. About £38m. was attributable to development control and £66m. to other planning work. By April last year, local planning authorities employed nearly 17,500 staff and the average cost of determining a planning application was about £70.

To increase the efficiency and effectiveness of planning departments, MPs recommend the appointment of a small number of planning assessors, who would give help and advice to local planning authorities and monitor their

performance by continual and informal contact. The plan, they say, would help spread good practice and provide discipline for those who required it.

The cost of appointing assessors, the MPs claim, would be fully offset by the increased efficiency they would promote.

If neglect of an assessor's recommendations by a planning authority were shown, on appeal, to have led to delays in dealing with applications, a financial sanction should be applied, the committee claims. It says that being made an assessor, who would give help and advice to local planning authorities and monitor their

Brewers concern over rush to finish price report

By Kenneth Gooding, Industrial Correspondent

THESE IS growing concern among the brewers over the apparent rush to complete the Price Commission report on beer and pub prices.

Mr. Roy Hattersley, the Prices Secretary, is understood to be insisting that the report be published by July 31, the original date set.

But work is two weeks behind schedule because brewing companies have just returned questionnaires. Delays were caused by the need for the Price Commission team and the industry to sort out the complexities. Apparently, the first set of questionnaires would have taken the brewers some months to complete.

The Brewers' Society, which presents all but one of the British brewing concerns, is to send its written submission to the Price Commission next week.

Mr. Hattersley's insistence on July 31 as the deadline has some political significance. They point out that the new price code will take effect on August 1, and there is the possibility that Mr. Hattersley might want to introduce it in a dramatic style—perhaps with a price freeze on beer, whether or not he can find justification in the report.

The brewers have consistently made the point to Mr. Hattersley and the Commission that if the new code is operated in an oppressive manner or if the industry is sorted out for special adverse treatment, companies will once again have to restrict spending to keep within their cash flow.

This would necessarily have a major impact on the industry's £1bn, three-year investment programme, and, in turn, would have its effect on employment.

Recycling campaign launched

By David Freud, Industrial Staff

THE GOVERNMENT yesterday launched a national campaign to increase waste reclamation and recycling.

The first stage of the National Anti-Waste Programme is aimed at encouraging more voluntary organisations to start collections.

At the conference in London launching the programme Mr. Bob Cryer, Industry Under-Secretary, said increased reclamation could mean a saving on the balance of payments of about £250m. a year.

Landfill

About 18m. tonnes of refuse are collected each year, of which about 85 per cent. is used as landfill. This waste contains many valuable materials and the campaign aims to exploit this resource.

It is backed by trade groups, local merchants, local authority associations and voluntary organisations.

A guide for voluntary groups on successful collecting was also published yesterday. It deals with the potential for collecting paper, scrap metals, textiles, motor vehicle sump oil, glass and plastics.

Mr. Ken Marks, Environment Under-Secretary and joint chairman of the council with Mr. Cryer, said the new measures represented an important initiative.

In the past, the main collecting agents had been the local authorities he said. But a new approach was now needed.

Vital role

Projects were in hand to develop machinery able to recycle household waste on a very large scale.

In a message to the conference Mr. James Callaghan stressed the importance of voluntary groups. "They have a vital role to play in exploiting important sources of useful waste—particularly from households."

The rubbish in only one out of every 10 dustbins is being sorted for re-use, according to a survey carried out by the International Reclamation and Disposal Exhibition. They claim the Government is doing little or nothing actively to help local authorities set up and operate recycling schemes.

Employers want 50p lunch voucher deal, says survey

By Christopher Dunn, Industrial Staff

FROM A MEAL to a sandwich—that is the decline over 20 years in the purchasing power of the 15p tax-free luncheon voucher, according to the third Alfred Marks review of fringe benefits.

Two-thirds of the 298 employers polled in the survey think the vouchers should be valued at a new tax-free level of 50p, but so far the Government has refused to alter the tax-cessation.

The theme of Government involvement in fringe benefits runs throughout the report, which says that most of the amendments to fringe benefits have been in areas affected by legislation—namely on pensions, maternity leave and equality of opportunity for women.

A combination of recent Finance Acts and the Pay Code had either "pointed the tax finger" at certain benefits, or counted fringe benefits as part of pay increases.

Mr. Bernard Marks, chairman of the Alfred Marks Bureau, says in the report that: "a fringe benefit can be worth a lot more to the employee than a medium-sized gross pay increase."

The private sector was lagging behind the public sector in terms of fringe benefits and employers had been "dragging their feet" on pensions, the most important. They had to decide whether or not to retain their own qualifying pension schemes and contract out of the State scheme, which starts in April, 1978.

Increased union involvement, plus the difficulties of including women in pension schemes, had meant that few employers had amended their schemes so far to conform with new regulations.

Legislation had also transformed maternity leave into a potentially contentious area. The Employment Protection Act (1976) gave women the right in certain specific circumstances to return to work after having a baby.

Many employers, however, were not fully aware of the new requirements of the Act.

After six years, flexible working hours had established themselves as an effective fringe benefit.

Engineering industry demand up slightly

By Roy Hudson

THE RATE of new orders being received by the engineering industries was improving in the early part of the year, according to the latest Department of Industry figures, showing the position up to February.

Export orders on hand continued to strengthen and the Government sees indications that the two-year decline in home order books may now be leveling out.

Although the receipt of new orders in the export sector has shown some decline in the last few months, they are still coming in at a high rate. In the home market, there has been some recovery in new orders, particularly in mechanical engineering.

In February, the inflow of new orders received by the combined engineering industries was 3 per cent. higher than in November 1976. That figure reflects an improved situation in the home market where orders rose by 74 per cent. helped by the active mechanical engineering sector.

New orders for instrument engineering rose by 15 per cent. during the three months to February. Exports made up the bulk of the increase.

Local authorities agree to inner city partnership plan

By David Freud, Industrial Staff

ABOUT A DOZEN local authorities have applied to go into partnership with central government on tackling problems of inner city deprivation, Mr. Reg Freeson, Housing and Construction Minister, said yesterday.

The applications, which follow last week's publication of the White Paper, Policy for the Inner Cities, are now being considered. Consultations with all the authorities will take place shortly in order to select those to be added to the partnership list.

Mr. Freeson was introducing the final reports on three inner city areas on which conclusions, published in January, were incorporated into the policy proposals of the White Paper.

Separate teams of consultants have been working for the last four years on the reports, which covered inner areas of Liverpool, Birmingham and the London borough of Lambeth.

The reports all emphasise the need for a total approach to the problems, encompassing employment, housing, welfare and transport, and the need for concerted action in all these spheres for their solution.

Last week's White Paper dealt with the recommendations for such an approach by proposing that local authorities went into partnership with central government to tackle the problems.

Research

Mr. Freeson said the studies and the accompanying White Paper represented at long last a Government policy towards inner urban areas.

The publication of the reports represented a close to a period of research and the beginning of a period of policy making and implementation.

Change or Decay. Final Report of the Liverpool Inner Area Study. £8, 240 pages. Unequal City. Final Report of the Birmingham Inner Area Study. £9, 333 pages. Inner London: Policies for Dispersal and Balance. Final Report of the Lambeth Inner Area Study. £8, 342 pages. All published by HMSO.

Shipbuilders favour Newcastle site

By Our South Shields Correspondent

BRITISH SHIPBUILDERS are taking a close look at Newcastle as a choice for its headquarters in the North East.

Officials have been inspecting a short list of six sites in the area drawn up by PA Management Consultants and the city appears to be favoured at the moment.

In terms of location, access and amenities it seems to fit a bill better than others. It has modern office accommodation available.

A decision on the headquarters will not be long delayed as the corporation wants to have staff in the area as quickly as possible.

The formal State take-over of shipbuilding and marine engineering on July 1 will be backed by three London representatives by British Shipbuilders.

The first, on June 30, will be national and district officials in the Confederation of Shipbuilding and Engineering Unions and chairmen and secretaries of joint yard committees.

The next day middle management will be entertained and on July 5 it will be the turn of supervisory grades, staff and draughtsmen.

About 100 representatives from the industries will be at each reception to meet Admiral Sir Anthony Griffin, chairman, Mr. Ken Griffin, deputy chairman, Mr. Michael Casey, chief executive and the other six members of the British Shipbuilders Board.

TV appointment

Mr. Tony Preston, programme controller of Southern Television, is to join Yorkshire TV as assistant managing director. He will be deputy to Paul Fox, managing director and director of programmes.

Before joining Southern in 1975 Mr. Preston was head of BBC outside broadcasts.

Twenty-first century Fox scores a hit



Artoo Detoo is a robot. He is also one of the stars

ANYONE WHO thought that the magic had gone out of the film industry need only look at the movement of the Twentieth Century Fox stock price over the past few weeks. The basis for its rise—the film Star Wars—has now been viewed hungrily by British cinema owners generally and by Rank in particular.

This science fiction epic cost \$10m. (£5.8m.) to make and, intriguingly enough, was made largely in Britain. It has British stars—both human and galactic—and used British technicians, Sir Alec Guinness and Peter Cushing are there as are the special effects which are still very much a preserve of British studios.

The film was made mainly in EMI's Eirstree studios and on location in Tunisia.

On present U.S. terms, Star Wars looks as if it will outsell Jaws at the box office. In spite of its Made in England label, however, very little of the profits will find their way into the U.K. since it was American financed.

Although EMI was paid for its

studio services, it is Rank which may do a little better from the deal. Rank normally shows Fox films in Britain and has scheduled the picture for the winter season.

For Fox the box office queues are extremely good news. Trade sources suggest that the company could end up with earnings of more than \$8 a share from this film alone in 1977.

Rental earnings for Jaws, made by MCA's Universal Pictures, are now about \$200m. and even if Star Wars does not maintain its present pace it looks as if \$150m. might not be an unreasonable estimate of what it could make in a relatively short time.

that you have to speculate to accumulate.

Investment in science fiction ventures has not been markedly profitable in recent years. Futureworlds, which stars Britain's Michael York, has been a sluggish performer. On location in London Grade's massive investment in Space 1999 produced a programme which has not featured in the peak time ratings on either side of the Atlantic.

If there is a degree of envy among other film makers over the success of Star Wars in the U.S. so far it is because the film has one considerable advantage over other types of production. Science fiction is a commodity rivalled in merchandising potential only by cartoons. Already manufacturers are hammering on the Fox door to produce models of the Star Wars transporters. Soon there will be Star Wars posters, tee shirts, biscuits, stationery, almost any possible product, in the British stores.

For Fox this implies a substantial immediate return—it is normal if you take on a character franchise to pay the

franchise holder a cash advance—and continued revenue for as long as the ball can be kept rolling.

As Mickey Mouse, Noddy and Ripper Bear have shown, that can be a very long time.

Sour grapes

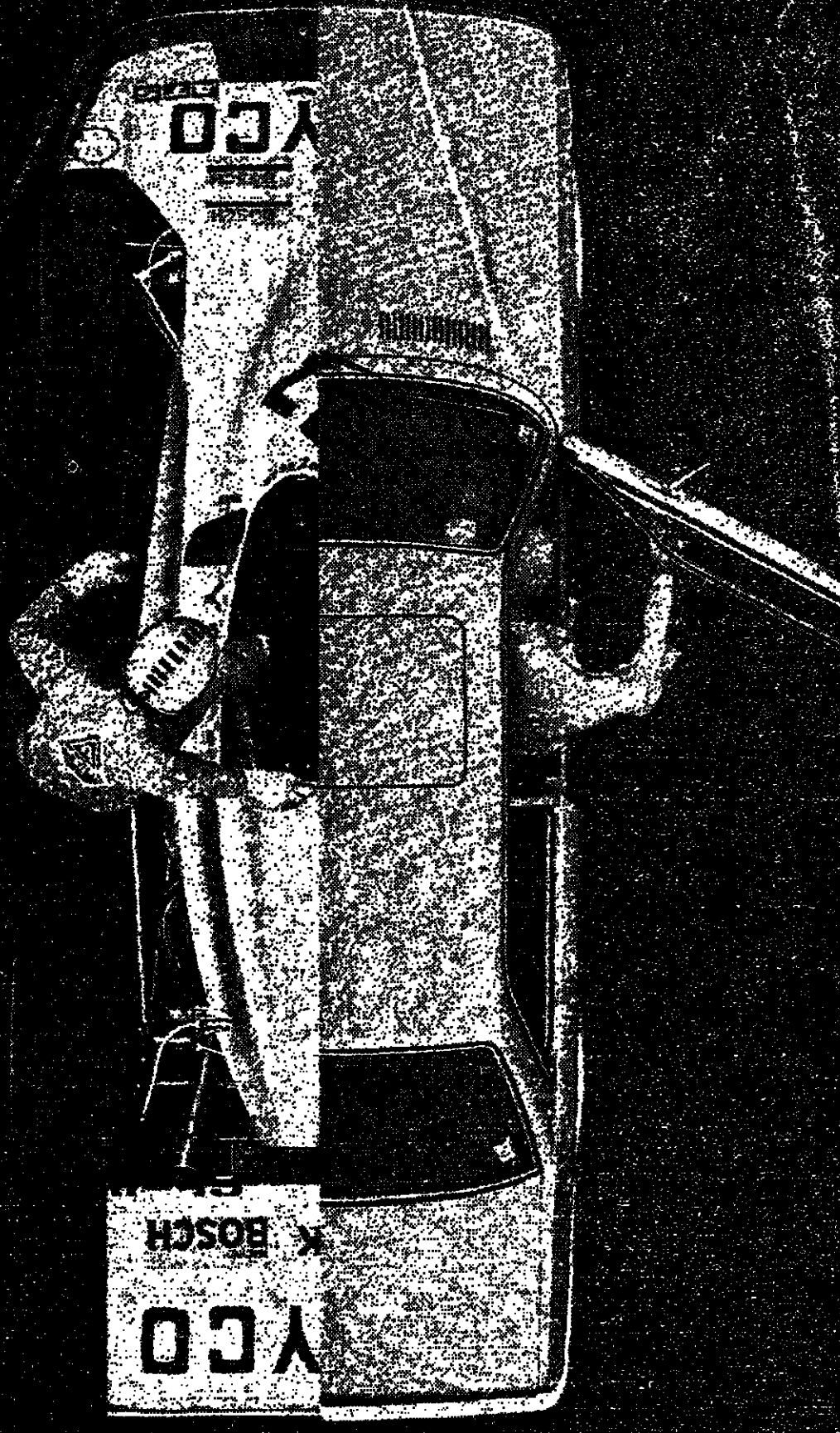
There is little doubt that Fox itself will go into a follow-up of Star Wars, probably increasing the investment and stepping up the spectacle. There may also be a television series, developing a pattern of which the most recent example was Planet of the Apes.

Rank will almost certainly show the film in the U.K. later this year. EMI should not indulge too heavily in sour grapes, since it did have Jaws.

If all this helps to stem the flow of business away from British cinemas then the industry will be much pleased. If Britain could originate and not just be the manufacturing centre for a Star Wars there might be even greater cause for pleasure.

Arthur Sandies

For some, it wins races. For others, it saves petrol.



Fuel injection was originally developed by Bosch to provide extra horsepower. Now its fuel saving capacity makes it even more desirable. Fuel injection has other advantages too.

Over forty years of development Aviation was first to benefit from fuel injection systems. More than forty years ago they were helping aircraft achieve higher speeds and altitudes. The next advance was fuel injection for racing cars.

Over the years, Bosch have developed fuel injection systems to give higher performance and efficiency. Gradually the cost of these fuel injection systems has been significantly lessened with the result that fuel injection is today fitted to cars in the medium pricerange. Fuel injection gives improved performance.

Moreover, in this age of escalating petrol costs, a further advantage is of even greater importance: fuel injection can cut petrol consumption by up to 10%.

Other benefits include purer exhaust, a better cold start and a smoothish running engine.

The fuel injector supplies the engine with only as much fuel as it needs: always precisely the right measure for perfect combustion, whether the engine is cold, hot, idling, or running under a full load.

That is why the same technology can take a racing car over a finishing line sooner, and your own car to a petrol pump later.

The continuing development of fuel injection Bosch produced the first fuel injection systems for cars in 1951.

Today, Bosch produce two systems based on fuel and air metering mechanisms - K-Jetronic and L-Jetronic. Bosch are still developing even better systems.

Bosch can include almost every car manufacturer in Europe as customers.

There's more to Bosch than you think: Your car engine almost certainly has some Bosch parts; and it may well be tested by Bosch equipment at its next service.

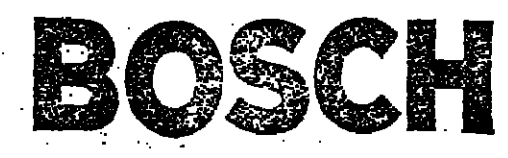
Many of the goods people buy in their supermarkets have been packed with machines produced by Bosch. These provisions may be stored in a Bosch refrigerator or freezer in a Bosch kitchen.

Television viewers will have seen the Olympic Games through Bosch eyes, as many of the sporting events were televised by Bosch Fernseh cameras. News and entertainment in cars can be received with Blaupunkt auto sound systems.

Bosch electric power tools are at work on construction sites worldwide. Bathrooms and kitchens are equipped with Bosch fittings and built-in units. Deep-cooled blood stored in many European hospital blood-banks is restored to body temperature with Bosch medical equipment.

Bosch employs 5,700 people in research and development alone. Bosch have at present 10,000 patents throughout the world, with 15,000 pending.

Robert Bosch Limited, Watford, Hertfordshire



PARLIAMENT and POLITICS

LABOUR NEWS

MPs fight marathon battle on prices Bill

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MPs WERE still locked in a battle over the Government's Prices Commission Bill, last night having sat continuously since 4 p.m. on Tuesday making it the longest Commons sitting for over 25 years. As three members slugged on through the list of 63 amendments on the report stage of the Bill, tempers became frayed and there were frequent irritable skirmishes across the floor of the House. The Tories indignantly denied Labour charges that they were filibustering and that they were really trying to defeat continuation of price controls in any form. According to the Conservatives, their amendments were only intended to make the legislation workable and to ensure that it could have the confidence of both industry and the consumer. During angry clashes in the early hours of yesterday morning Mr. Roy Hattersley, Prices Secretary, intervened to warn that if the legislation did not become law by August 1, it would mean there would be no price control after that date. But this prospect only brought joyous cheers from the Tory benches which Labour MPs interpreted as clear proof of their accusations that the Opposition was really out to kill off any form of price control. As the debate dragged on through the early hours of yesterday morning, tired MPs dozed on benches in the chamber while their colleagues snatched a few minutes of sleep in between incessant divisions. The dress of members became more and more dishevelled as the night wore on and some Labour MPs and Ministers appeared in the Chamber in their shirt sleeves and without ties. Mr. Merlyn Rees, Home Secretary, came in wearing a green T-shirt and slacks, while Scots Nationalist, Mrs. Margaret Bain borrowed a man's blazer to keep warm. Several times the Tories tried to move the adjournment of the debate until later yesterday, but

Barnett defends move to combat tax avoidance

BY IVOR OWEN, PARLIAMENTARY STAFF

NORMAL TRANSACTIONS in which a man sells his company and buys shares in another company in order to defer capital gains tax liability will not be caught by the new anti-tax avoidance provisions in the Finance Bill covering "paper for paper" deals Mr. Joel Barnett, Chief Secretary to the Treasury, maintained yesterday. In the course of an all night session of the Standing Committee, which is considering the Bill, he successfully resisted a string of Tory amendments seeking to make significant changes to Clause 33, which introduces new procedures affecting company reconstructions and amalgamations involving exchange of shares. Mr. Peter Borden (C. Horsham and Crawley) stressed that the Opposition was anxious to protect the great number of commercial deals which go through weak and ill-considered terms of the clause, would have to obtain clearance from the Inland Revenue, even though they are "perfectly legitimate." He warned that the new procedures would place a considerable burden on many companies seeking to carry out their ordinary commercial business. Mr. Barnett forcefully underlined the fact that the main purpose of the new Revenue safeguarding provisions was to combat the activities of firms who were engaged in selling tax avoidance schemes. The Chief Secretary gave an example of "mergers by way of tax avoidance schemes" in which a real disposal of shares for cash was dressed up, with an intermediary company being used as a money box in a manner which gave the seller access to the tax shelter without ever having paid any capital gains tax. "I don't want to catch any innocent party," he added assuring the committee that perfectly legal transactions seeking to avoid capital gains tax liability would be allowed to proceed. The clause makes two important changes in the rules for deferring a charge on capital gains (rollover relief) where shares are issued by a company in exchange for shares in a second company in a takeover bid. The first change extends relief to cases where the issuing company holds, before or after the exchange, more than 25 per cent of the shares of the second company. The second change applies to shareholders of the second company who, before the exchange, hold more than five per cent of that company's share capital. Under the second change, relief is confined to exchanges which are carried out for bona fide commercial reasons and do not form part of a scheme for tax avoidance. This new condition will also apply to cases where relief is conferred by presently available provisions for shareholders who receive newly issued shares from another company in the course of a scheme or reconstruction or amalgamation. One Opposition amendment was accepted by the Government allowing the company issuing the shares or by the company whose shares are being acquired. Mr. Barnett expressed confidence that the operation of the new provisions would present few practical problems. "Already, 62 clearances have been given without any difficulty," he reported. A Government amendment which Mr. Barnett explained, corrects an omission from the Finance Bill providing for ordinary share capital, was also added to the Bill.

Ministers urged to explain restraint effects

By Rupert Cornwell, Lobby Staff

MRS. MARGARET THATCHER yesterday invited the Government to spell out more clearly the awkward consequences of its determination to rely on monetary restraint to control prices after the probable demise of pay policy this summer. Her call came in a carefully worded speech in London in which she stressed the common ground between Conservative and Government thinking on both monetary policy and on the need to lift company profits to generate much-needed investment by industry. The Opposition used as her text the recent statement of the Bank of England that the target for monetary growth laid down by the Chancellor was a real weapon in the battle against inflation "provided there is general understanding of its indubitable necessity." The current goal of between 9 per cent and 13 per cent meant that wages costs would have to grow significantly more slowly if any room was to be left for real growth. Mr. Thatcher quoted approvingly from the Bank's words: "Mr. Denis Healey might be arguing this case in private but he did not seem to be doing so sufficiently in public. 'So how can there be general understanding that such targets are vital?' 'How can ordinary people see the connection between them and the chances of growth?' And how can they be expected to take the tough consequences implied for collective bargaining?" she asked. The Government, Mrs. Thatcher added, should switch from "euphoric forecasts" to more forthright action to ensure that industry's profits were permitted to rise, so that the return on capital might get back some-what near the cost of borrowing it. Sometimes, the Chancellor and the Prime Minister showed they understood what was required, and Mr. Callaghan had been outspoken on the subject at last year's Labour Party conference. "Until and unless the Government makes a sustained and determined effort to show that a doubling of real profits is needed for survival, let alone prosperity, any underlying improvement will be quickly absorbed by higher wage demands. Then bang will go the already slender prospects for investment. 'Mere concepts are not enough unless they are put into effect in economic policy,' the Tory leader declared.

Leyland toolroom concerned about pay-talks progress

BY ALAN PIKE, LABOUR STAFF

BRITISH LEYLAND toolroom workers who brought the company to crisis point earlier this year with one of the most serious strikes it has had, are to be called to a meeting by their unofficial leaders to discuss lack of progress on their pay grievances. Mr. Roy Fraser, leader of the strike and now a candidate to succeed Mr. Hugh Scanlon as president of the Amalgamated Union of Engineering Workers, said after a meeting of the unofficial toolroom committee in Birmingham yesterday that there was "considerable" concern about apparent lack of progress by a working party set up after the dispute to examine industrial relations problems in Leyland Cars. Feeling on the shop floor was running high, said Mr. Fraser, and if the working party had not reached satisfactory conclusions by early August "it could have serious consequences for British Leyland," possibly renewed disputes. The toolmakers are concerned about erosion of pay differentials and disparity of earnings between plants. Mr. Fraser said that the unofficial committee had decided to arrange a mass meeting for early August to report on the position. Although he and two other toolroom representatives sit on the working party, it is taking a broad view of negotiating arrangements throughout Leyland Cars, and the toolmakers have been afraid that their particu-

EEC elections Bill out to-morrow

BY RICHARD EVANS, LOBBY EDITOR

FOLLOWING WEEKS of delay because of Cabinet disension, the Government's Bill on direct elections to the European Parliament is to be published to-morrow. The complex formula reached in an attempt to gain the continuing Parliamentary support of the Liberal Party is expected to be given final approval by the Cabinet to-day. Its main proposal is for the adoption of the regional list system of proportional representation with a fall-back provision which would permit the Government to introduce the estimator electoral system of first past the post. The Government is hoping that the formula, together with the pledge to have a Commons vote on the principle of the Bill at the end of a two-day debate on Monday and Tuesday, will ensure the continuation of the pact with the Liberals into the next Parliamentary session. But because of opposition from

Publication of tax appeal verdicts dropped

CLAUSE 46, which would have permitted the Special Commissioners to publish reports on their decisions in tax appeal cases was removed from the Finance Bill early yesterday. The clause would have authorised the commissioners to publish reports of their decisions in appeals relating to any of the taxes within their jurisdiction, including income tax, corporation tax, capital gains tax, capital transfer tax, development land tax, and petroleum revenue tax. The reports would have been subject to a proviso that they did not disclose the identity of any person without his consent. Ministers allowed the clause to be negated when it became clear that the general view of the committee was that it might create more problems than it solved. It had been intended that only those decisions by the Special Commissioners which were of general interest should be published, such as the construction of recent legislation or indicating a general approach to a purpose test or valuation.

Keep industrial strife out of home—Peer

PARENTS WHO take chop-wood "aggro" home with them can cause disruptive behaviour among their children, Baroness Faithful (C.) told the Lords yesterday. She said: "Industrial strife, if carried into the home, is a form of aggressive and worried attitudes on the part of the parents can inject a sense of insecurity and disruption in the minds of children which is then reflected in their attitudes to teachers in school." Lady Faithful was opening a debate on the need for a co-ordinated policy on the needs and treatment of disruptive children and young people. She said: "Early management and workforce should reflect on the social position in our society." The time had come for the Department of Health and Social Security and the Department of Education to work out, with local authority associations and the relevant professional bodies an accepted and known overall strategy based on joint planning and corporate management. "Some young people broke the law, some became vandals, some played truant and older children could become addicted to drugs. Disruptive children could dislocate the environment in which they lived out of all proportion to their number. Lord Banks (L.) urged the development of a commonly accepted code of standards. "There is uncertainty about the religious beliefs from which moral standards derive. Where there is no basic conviction about the validity of morality, it must affect the whole of society." There should be a national research or study centre to provide back-up information and advice. Baroness Young (C.) said parents should be encouraged to work with schools, the health service and all the public agencies responsible for children. Housing policies had a profound effect on disturbed children. There should be an end to the building of high-rise flats and the Government should pursue the policy of rehabilitation of older properties. The Earl of Longford (Lab.) said there should be more secure accommodation which would make it possible to keep young people out of prison. The Government had spoken of ponds to 17 to 21 year olds but nothing had yet been done. Baroness Kinloss (Ind.) praised the work of the Samaritans and

Engineering Union attack power merger

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

ENGINEERING unions were united in Scarborough yesterday on blocking a takeover of the turbine generator industry by Sir Arnold Weinstock's General Electric Company. They demanded that any rationalisation of the power engineering industry should result in majority control by the National Enterprise Board. The crisis, which is rapidly coming to a head, was debated yesterday at the annual conference of the Confederation of Shipbuilding and Engineering Unions. There were repeated calls for the Government to announce a date for ordering another power station at Drax in Yorkshire. "Without this order, all 6,000 jobs at the C. A. Parsons Heatworks on Tyne side could disappear—not just the 1,500 redundancies threatened in six weeks time. The unions are in effect saying that the Government must make the next move. Mr. Eric Varley, the Industry Secretary, has hinted that if the merger along Government lines is blocked, the Drax 'B' order could go out to open tender. The Government says the merger should precede the Drax order and GEC should obtain control with the NEB taking a "significant" stake. Shop stewards from Parsons who walked out of the debate said they would refuse to be controlled by Sir Arnold Weinstock. The other half of the rationalisation is a merger between the boiler-making companies Babcock and Wilcox and Clarke Chapman. Union men at Babcock said after the debate that their case was being ignored. A merger of the boiler-makers was technically difficult. Opening the debate, Mr. Davison, assistant general secretary of the white-collar engineering industry, said: "I think it's best that there is a case of company on each side added the right solution take them into public NEB control was the solution. Unless something quickly, the power industry could disapp short term, there massive redundand collapse. Mr. Bob Garland, secretary of the Four of the Engineers, said he did not want to see any turbine with monopoly generators company." The Confederation of Government were told Sir Arnold Weinstock that Mr. Frank Lott, member from Parsons Government should stomach and the go up and make a decision. "For the electrician Sanderson, a national Review Staff rationalisation were controlled by Sir Arnold Weinstock. Representatives of the GEC turbine division will meet the numbers from C. A. York to-day. The GEC unions are in favour of the G plan for their company. They are the only long-term safeguard jobs in the

Written Answers

ENERGY Mr. Neil Macfarlane (Con. Soton and Cheam). What is the present level of research and development activity in nuclear fusion as an alternative energy source? How much money has been spent by the department during 1976-77? Which of the energy agencies is conducting experimental research? Mr. Alex Eadie, Under-Secretary. I am advised that in the year ended March 31, 1977, the U.K. Atomic Energy Authority deployed some 170 qualified scientists and engineers plus their support staff on research and development into nuclear fusion as an alternative energy source. This level of activity is continuing in the current year pending a decision on the location of the JET project. The Authority's gross cash expenditure on nuclear fusion research in 1976-77 was £7.5m. of which £2m. came through the European Commission. The Authority is the only energy agency carrying out nuclear fusion work in the U.K. The main effort is concentrated at the Culham laboratory near Oxford. Mr. Ronald Atkins (Lab. Preston N.). What has been the total cost in real terms of the British Gas Corporation's gas conversions as compared with the cost envisaged 10 years ago? Dr. John Cunningham, Under-Secretary. The latest estimate of final actual expenditure is £577m. A precise comparison of this figure in real terms with the estimate before the conversion programme began (£400m. in 1966 prices) is not readily available, but would obviously show a very substantial improvement on the original forecast. EMPLOYMENT Mr. Paul Rose (Lab. Blackley). Will the Secretary

Abortion Act change widely opposed—Ennals

A LARGE majority of organisations, including medical, nursing and patients organisations and health authorities consulted by the Department of Health and Social Security are opposed to the Abortion (Amendment) Bill which began committee stage in the Commons yesterday, according to Mr. David Ennals, Secretary for Social Services. Mr. Ennals said that there had been a response from 244 organisations in England and Wales to the Health Department's consultation letters on the Bill, initiated after the Bill received its second reading on February 25. Some 127 organisations stated that they were generally opposed to the Bill against 24 who generally welcomed it, said Mr. Ennals. A majority in each of the main categories of organisations consulted was generally opposed to the Bill except the police organisations all of which were generally in favour of it. But they, too, expressed the view that the original Act was working well and were unable to cite instances of abuse. Mr. Ennals added in comments sent to members of the Standing Committee that none of the medical organisations consulted was in favour of the Bill as a whole and only two of the nursing organisations consulted generally welcomed the measure. "Few of those organisations which generally supported the Bill gave specific reasons for their support. Mostly their comments were confined to expressions of welcome for the provisions of individual clauses," Mr. Ennals said.

Powell puts case for free-for-all

THE MUCH-FEARED wages free-for-all is just what Britain needs, Mr. Enoch Powell said yesterday. He cited the philosophy of the late Dr. Ludwig Erhard, former German Chancellor, who had believed that provided the State defended the currency, there was no need to control prices, wages, goods or capital. Mr. Powell, Under-Secretary for Down South, told the House of Commons that all control of wages should be abandoned. "That free-for-all which is brandished at us as a terrible bogey is exactly what we need. Everybody should be allowed, so far as the State was concerned, to go for the most he thinks he can get and the best of British luck." All forms of control over moving money into the country or out should be abolished. "Let the exchange rate go, not to barge—but wherever it wants to go, he added. There should be no controls on prices, profits or dividends. "Let those who have anything to sell—goods or services, imports or home production—get the best prices they can for them, and let all who control productive capital get the best profit they can out of it. "Let all who have savings to invest put them where they think they see the best likely returns." Mr. Powell argued that there must be self control by the State—not necessarily over its expenditure, but over the financing of its expenditure, and initially that control must be more strict than would be necessary permanently. "The only safe course was for the State to renounce net borrowing either from its own citizens or from foreigners. People would say the formula was impossible. It is impossible only because you think it so. As long as that conviction continues, we shall remain relatively as post-war Germany before Erhard, in the same 'shallows and miseries' whether Healey succeeds Barber or Howe succeeds Healey," Mr. Powell declared.

Employers warned at unwitting race bias

A WARNING to employers against unwitting discrimination against coloured workers in their choice of jobs and training is in a new employers' guide published yesterday by the Manpower Services Commission. The guide to selection and training of coloured workers places special emphasis on the dangers of lumping all "coloured workers" together without regard for the differences between the various ethnic groups. The "natural tendency" to treat "coloured work group results in the practice of applying the report says. It is easy to form a collection of stigmas and ways things which are from each other as those existing in the West Indians may be more common than their counterparts with Britain

Plessey strike to continue

A MASS meeting of workers at the Plessey factory at Huyton, Merseyside, yesterday rejected a recommendation by their shop stewards to call off their month-old strike over a complex pay issue. The 300 workers on electronic telecommunications production decided to continue their strike by a majority of 30. At nearby Kirby, the factory take-over by 200 women seeking enhanced redundancy pay is continuing, with nearly half having interviews over job deployment. The rest are adamant about continuing their sit-in at a factory which has been closed under Plessey's rationalisation plans. The strike, originally some 1,000 work war-houses, started gaining of this morning as a pay rise employer said would foundry at Darlington, Staffs, for the Phase 2 pay policy

Sainsbury is settled

THE LAST remaining in Sainsbury's supermarkets depots decided to work yesterday after a long and a regrading scheme. The strike, originally some 1,000 work war-houses, started gaining of this morning as a pay rise employer said would foundry at Darlington, Staffs, for the Phase 2 pay policy

Foundry back at work

A STRIKE which crippled a foundry at Darlington, Staffs, for the Phase 2 pay policy

BUSINESS BOOKS

When monetary reform failed Route through the minefields

BY MICHAEL BLANDEN

The Failure of World Monetary Reform, 1971-74 by John Williamson; Nelson, 221 pages; £3.25

THE ROLE of the International Monetary Fund is arguably gaining importance. The negotiation of the standby credit for the U.K. at the end of last year and the monetary disciplines agreed with the Fund for example have played a major part in the abrupt turn-around in confidence in the country and in the pound this year. More generally, the persistence of large payments - imbalances between the oil producing countries and the rest of the world, and among the industrialised countries themselves - represents a problem which the international agency is expected to play an important part in solving. So far, the private sector banks have achieved a considerable success in enabling the resulting large recycling operation to take place with perhaps unexpected smoothness. But in spite of the difficulties experienced by the IMF in its efforts to reach agreement with Saudi Arabia on finance for its new facility, it is widely argued that the IMF's participation will be essential.

Equally clearly, though, the role which the Fund is now carrying out has changed dramatically and fundamentally from the concepts embodied in its original establishment in the

framework of the post-war Bretton Woods agreement. This agreement, as is pointed out by Professor John Williamson, was "easily the nearest thing to a consciously designed international monetary system that the world has yet experienced." The breakdown of the carefully created system of par exchange rates in 1971 and the change to the present regime of floating rates therefore represented a revolution in the world monetary order. In some ways, the Fund is still coming to terms with the implications of the situation and with the substantially new function it is having to perform.

Its adaptation might have taken place rather more quickly if it had not been for the attempts made first to shore up the old system and then to create a new order - the first reaction of the Fund and the world financial community. If the example of Bretton Woods had not existed, Professor Williamson suggests, the idea might never have been born of "writing a new monetary constitution for the world." This, however, was the task attempted by the Committee of Twenty - more formally, the Committee on Reform of the International Monetary System and Related Issues - in its two-year life between 1973 and 1974.

That it failed in this attempt came as no great surprise to most observers of the monetary scene

at that time; and Sir Jeremy Morse, who was chairman of the deputies of the committee of twenty himself commented on the lack of political will towards active co-operation which, more than the continued disturbances in the world economy, provided the main obstacle to agreement. With hindsight, however, it is by no means clear that the failure really mattered very much. The outcome, Professor Williamson accurately comments "was, in effect, a decision to learn to live with the non-system that had evolved out of a mixture of custom and crisis over the preceding years."

It meant that "the pretensions of the IMF to conduct a world monetary policy had been brought to naught." Yet the world - and the Fund - have gone on, with problems. It is true, but with none in the monetary field which is yet demonstrably insuperable. Indeed, it is possible that the lines on which the committee of twenty was working, particularly the concept of adjustable pegs, would have worked out less effectively. "The failure of the committee of twenty to reach agreement," Professor Williamson concludes, "along the lines that this was pursuing must be counted as a blessing in disguise, at least by those who believe that an attempt might have been made to trans-

Route through the minefields

BY KEVIN DONE

The Future of the Multinational Pharmaceutical Industry to 1990 by Barrie G. James; Associated Business Programmes, £14.95

THAT THE pharmaceutical industry feels itself to be persecuted there can be no doubt. From all sides it believes it is being attacked for doing a job that over the years has saved millions of lives and has played its part in improving immeasurably the standard of welfare and health care of peoples around the globe.

Its involvement as an essentially private multinational industry in the essentially public system of health care, its exposure to external government pressures on prices, profits and promotions and its suitability for regulatory controls on the development of new products have combined to present it with what is perhaps a unique set of challenges and problems.

As Dr. J. S. G. Cor, deputy chairman and director of research and development of Fisons' pharmaceutical division commented at a recent symposium on the industry's progress into the next decade: "The business is big, it is growing, it is profitable, it is interesting and intrigues the professional economist. It touches all groups in the country - young and old, rich and poor - and therefore appeals to the sociologist. It influences the comfort and contentment, not to mention the life and death, of hundreds of millions of people; it therefore captivates the politician in every country."

Against such a background Barrie James, the regional director of planning in Europe for Syntex, the U.S. pharmaceutical giant, in his analysis of the industry, has attempted to set out some of the strategy guidelines that can direct the industry through what it clearly feels are the minefields of the 1980s.

The timescale to 1990 is not arbitrary, but based on the fact that

the current industry cycle from initial basic research through full-scale development to first launch of a major new ethical (prescription) drug is rapidly approaching a 15-year period, which clearly has important financial implications for the industry. James is keen to point out not so much a blueprint for survival, but the inherent dangers of inactivity and of ad hoc responses to crises, which perhaps typify the industry's past attitudes to criticism and control.

His thesis is not helped by a preface, written by Mr. David Moreau, chairman of Weddel-Pharmaceuticals, which reads as a eulogy for the industry and a call to the barricades to protect the cause of multinational capitalism.

Mr. James's thesis is messily rather less emotional, and provides an interesting and comprehensive analysis of the challenges facing the industry in the next decade.

Commercially he predicts that declining profit margins - due to many of the above mentioned factors - will increase the liquidity problems of a lot of companies. And the multinationals will find it difficult to pursue individual market pricing policies, because of the increasing international exchange of pricing data by supranational bodies, such as the EEC. For health care will continue to outpace the ability of Governments to finance such developments, and the necessity to operate at more economical levels will increasingly focus attention on the most cost-effective drugs, which constitute only a small part of total health care costs.

With regard to the industry's wider relations with the public, Mr. James expects little improvement until the industry ceases to underestimate the extent of the purposeful, intelligent opposition.

Innovation and economics

BY PETER RIDDELL

Economics and Technical Change by Arnold Heertje; Weidenfeld and Nicolson, £5.50 (paperback £4.50)

ONE OF Keynes's most memorable and optimistic remarks was that "the economic problem may be solved" within 100 years. Now, nearly half a century on from when these words were written, the prospect seems much more elusive. Indeed Professor Heertje argues that "it is more likely that the human mind will be faced with greater and greater problems of reconciling increasing needs and limited resources."

Professor Heertje, of the University of Amsterdam, provides a comprehensive discussion of technical change and its relationship with economic theory and policy from Adam Smith onwards, and from the British point of view an interesting feature is the reference to Continental work. But this is not really a book for the lay reader. Although the mathematics has been kept to a minimum, a fairly advanced understanding of economic theory is required for parts of the book.

The bulk of the work is less technical though it does not and cannot offer any clear cut explanations of the causal connections between inventions, innovation and the economy. A wide range of empirical evidence is quoted though the conclusions are hardly definitive. He quotes, interestingly, evidence pointing to a decreasing time lag between an invention and its application

as an innovation; the shortest gap experienced is in mechanical innovations.

At the macro level, the problem is essentially that of distinguishing technical development from economic growth and employment, in particular the extent to which full employment depends on the accumulation of capital occurring independently of technical development.

The impact of technical development is also discussed, especially in its role as a source of uncertainty, mainly through the economies of scale produced. Professor Heertje argues that many of the macroeconomic optimum-growth models ignore these effects of technical change on the market power of companies and changes in employment.

Professor Heertje concludes by arguing that the previous view which held that technical development and the state of technology should be included among the non-economic assumptions of economic science will have to be revised since such development depends on the use of scarce resources. "In the next few decades, economics will return to its traditional role of explaining the qualitative and quantitative increase in the satisfaction of human needs and the study of the best ways of handling scarce resources. This changing economic order is lower-paid workers. In far Eastern or other developing countries who can produce cheaper goods.

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Wealth but not much warmth

BY REX WINSBURY

Getty: The Stately Gnome, by Robina Lund, Hobbs/Michael Joseph, £5.50.

PAUL GETTY was a rich, but not an attractive man; this book is written with a certain naivety, will scarcely make him more attractive. He was not, it seems, totally mean; nor totally self-centred; nor totally a hypocrite; nor totally without taste in music; nor totally lacking in humour; one could go on.

If of course you thought in the first place that he was totally lacking in all these areas, as many did, then this book will lift Getty slightly in your esteem: certainly Robina Lund managed to spend 16 years as his legal consultant and Press adviser, and to like the man. She seems to have been one of the privileged few to whom were revealed the exceptions to Getty's general paucity of human warmth. Spiced with a few bitchy comments about Getty's circle of "lady friends" (from whom she firmly dissociates herself), her book is a chatty and revealing memoir of a few episodes they lived through together.

It is not, nor does it pretend to be, a full biography, and it does not go into Getty's money-making or business life. It is a glimpse of what one very wealthy and powerful man is like as a travelling companion. It is also a glimpse, and not an attractive one, of how some people react to a very wealthy man. They came to his house and stubbed out fags on his best furniture; helped themselves to his booze and cigarettes; knocked down his driveway gates; gawped at his parties; and sneered at him behind his back.

You may say that Getty got the friends he deserved, but the book does show that such a conclusion would not be totally justified. Robina Lund must have been a good friend to him, and did her best to teach him consideration for others. But what I find most shocking was Getty's refusal to take any direct interest in the kidnapping of his grandson, leaving all the phone calls, Press contacts and so on to Robina Lund.

"Paul, who with a typical self-centred attitude did not want the upset and inconvenience coming into his own home, was quite unperturbed that it should come into mine," remarks the author with commendable honesty. "It was not just that he was not interested or unfeeling; he was so unimaginative by nature that he could not conceive of a situation that he himself had not experienced."

And that from a close companion and friend, I think I would have stuffed his fags in my pockets too, if only to give away, since I do not smoke.

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Checks the leather

THE various stages of the tanning process are often necessary to know the extent to which the leather will shrink. It is fairly well defined temperature level which can be used to date a somewhat manual task. Ionic measurements of London have, therefore, developed an instrument with which such measurements can be made without the attention of a technician.

One of the most important capabilities of the I1010A is its power to locate trace positions. The analyser runs through the test data at 10 MHz in search of the desired trace point and finds that location through a series of sequential state conditions set by the operator. From one to seven state conditions, each of which must be encountered by the analyser in the form and order specified, may be entered into the machine to assure that the analyser will capture the desired data—but not similar data.

Hewlett-Packard, King Street, Wokingham, Berkshire, RG40 7BA, Wokingham, RG40 7BA.

Detects defects

LOCATION AND measurement of surface and near surface cracking and other discontinuities in both magnetic and non-magnetic conductive materials can be carried out with a portable eddy current unit. Introduced by Magnaflex, South Dorset Industrial Estate, Swindon, Wilts. (0793 24566).

The instrument has a CRT display showing both phase and amplitude. With an integrated circuit memory, readings can be taken to establish a standard which is then displayed on the screen. Test readings can be superimposed on the stored pattern. Frequency is adjustable from 100 Hz to 2.5 MHz, and the unit can be used with a range of probes and coils.

The maker says the instrument can be used to sort metallic materials according to such properties as conductivity, graininess, alloy type, carbon content, heat treatment conditions, tensile strength and grain structure. It will also measure the thickness of coatings and thin sheets.

atch over

EL 1610A keyboard-controlled state analyser from Hewlett-Packard is a general-purpose instrument for the analysis and perfecting of digital signals from the most complex to the most elementary. It captures desired data as captured digital units ranging from logic circuits through processor-based systems, users, and computer outputs.

Through the easy-to-operate card, the user can trace in as many as 32 channels up to 10MHz, selecting the particular occurrences, and the results displayed on the instrument traces and logic states but can measure absolute or relative time intervals between events. It can count events and has a graph mode for an overview of all 64 words in memory. It can also produce documentation.

COMPUTING

Engineering software from Atlasolve

USIVE marketing rights have been acquired by BOC Data for the use in the applications systems department of Douglas Data Co. (McAfee). To be primarily as services, systems include a certain amount of manufacturing, design, and financial applications based on the information system (IMS) of re are also extensive design aids including AutoCAD's advanced version "trud" for structural design. The Fastdraw visual graphics facility visual control of structural modelling which can very speed up the design process.

Outlets are expected to be the offshore and manufacturing industries.

For more information contact BOC Data, Old Park Lane, London SW1 4JG. Tel: 01-499 7099.

Price war continued

MATCHING IBM's recent series of terminal product price cuts and new device announcements, Telex has taken Telex some time, but the latter now says it has completed its rearrangement of charges to continue to compete with the market leader in overnight sale and on-lease.

For instance, when IBM is bringing in two-year lease terms on the 3270 equipment has offered users a 15 to 16 per cent saving over current monthly payments, Telex says it can top a further 20 per cent off such levels for keyboard displays.

As for the new and cheaper display units from IBM, the response is that overall Telex will cost less and that deliveries will not be for some time.

Both companies' approaches to pricing and lease conditions are complex and only a detailed examination of each user situation in the light of them will show what a user can gain by ringing the changes.

More from Telex at 213, Oxford Street, London, W.1. 01-734 9131.

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Our new Brussels office is as close to you as your telephone or telex. If any industrialist planning to build or expand should seriously consider Florida the gateway to the lucrative markets of the Americas.

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State of Florida European Office
Avenue d'Etat 43, Box 25
B-1050 Brussels, Belgium
Attention: R. E. Lissman
Tel. 32/2/713 90 32 (multicall)
Telex 25411

FLORIDA IS THE PLACE TO BE FOR BUSINESS

INSULATION

Way paved for wider use of sprayed foam

A ROOF insulation system which employs externally sprayed rigid foam treated with a fire-resistant elastomeric membrane coating has been given an AA fire rating under BS 476 Part 3, permitting wider use in Britain of foam insulation.

Developed as a team effort in Britain by Liquid Plastics, of Preston—manufacturer of the membrane coating—and a number of foam manufacturers, including Bakenden Chemicals, the new dual system, which already has a Class 1 fire rating to BS 476 Part 7, permits the use of foam insulation on buildings where compliance with the two ratings is obligatory under recently revised building regulations.

Although still relatively new to Britain, externally sprayed polyurethane and polyisocyanurate foam insulation is attracting growing interest as an economic means of conserving energy by reducing heat loss. The capital outlay is lower than that for traditional systems, external application means no interference with production, and the pay-back period in terms of cost-saving can be remarkably short.

Coe British company, which has tried the new system, achieved a 40 per cent reduction in fuel consumption in October and November last year.

Hybrid has a longer life

HYBRID TRACK technology allows the best performance points of wirewound and conductive plastic tracks to be combined in one precision potentiometer. This change in manufacturing methods is the first completely new development in the field for ten years, the developers assert.

Penny and Giles Potentiometers, Christchurch, Dorset, use a highly specialised manufacturing process which produces a precision wirewound track element coated with a conductive plastic material. The resultant track possesses the performance potential and the reliability and life qualities required for precision potentiometers.

Rotary potentiometers built with a hybrid track offer a standard independent linearity of better than $\pm 0.3\%$ with $\pm 0.1\%$ available. This is achieved without using expensive servo correcting techniques in manufacture. The resolution is virtually infinite as the wiper tracks on the conductive plastic coating and not the wirewound element does control the temperature coefficient characteristic with the result that the temperature coefficient is more stable.

Electrical noise is low, the standard output smoothness is to MIL-R-39023A 0.1% with Grade D 0.025% possible to special order. Life figures from a hybrid track potentiometer are typically in excess of 100m. cycles. Provision of tapping points is accurate and efficient as tapings are made direct into the wirewound element and there is no adverse effect on the output voltage slopes.

Further details from Penny and Giles, Groveley Road, Christchurch, Dorset, DT2 1B, Attention P. G. Hillyard.

Plug seals itself

THE TWINLOCK self-sealing test plug can be screwed into a threaded socket or pipe fitting in any vessel or piping system to provide a method of introducing a probe to obtain temperature and pressure readings, to take samples, to inject small quantities of fluids, or to release air from the system.

Maximum probe diameter is 4mm, and lubrication is not required. Leaking or jetting when the probe is withdrawn is prevented by two self-sealing moulded cores of synthetic rubber in the plug's brass housing, which is 1 inch BSP size and 35mm long. Plugs with cores to suit various temperatures and chemicals are available.

The plug was developed by Binder Engineering, The Looe, Reigate Road, Ewell, Surrey KT17 5DB. (01-334 0135.)

Reaches and clamps

CLAMP attachments for lift trucks, said to provide the best fit of a clamp with reach facility, has been launched by Hercules Hydraulic, 2, Kemmel Road, Bulwell, Nottingham NG6 9PH (0602 271291).

Designed to fit any size of industrial lift truck, the clamps have an opening range from 14 to 73 inches, and a standard forward reach of 20 inches (longer extensions are available). There is a range of lift capacities up to 5,000 lb.

Principal applications are for loading and unloading vehicles, and for the movement and storage of goods in warehouses, at docks, etc.

Hydraulically powered, and controlled with two levers by the truck driver, a variety of arms to suit the load are available. The maker says the most important advantage is that with this attachment existing lift trucks can be used for applications where it would previously have been necessary to employ a reach truck.

Cutting concrete

ASPHALT OR concrete can be cut with a self-propelled floor saw introduced by Errut Products, Jubilee Close, Townsend Lane, London NW9 5TT (01-205 9773).

A 20 hp diesel engine provides power for the infinitely variable hydraulic transmission. Forward speeds are up to 23 ft./min. and reverse up to 49 ft./min.—the machine is pedestrian controlled.

Abrasive blades of 14 or 18 inch diameter can be fitted, or diamond blades up to 21 inches. Cutting widths are 5/32 to 1 inch.

COMMUNICATIONS

Live data on fibre

IMPORTANT, because it is one of the first routes of any length to carry genuine service traffic, is a six-fibre optical telecommunications link between a data processing centre in Ramsgate and a cable television centre in Margate.

The U.S. Air Force chose fibre since it is immune to all forms of interference and allows virtually error-free real-time transmission. The link is 2100 metres long, but no information on bit rates has been released.

The cable consists of a welded aluminium tubular sheath surrounding the fibres and their support structure, a polyethylene inner jacket, a corrugated steel outer jacket, and a polyethylene outer jacket. Made by General Cable it is suitable for installation in ducts or can be buried directly in the ground. The cable carries high speed data, voice and video signals.

The fibre is similar to that now being tested by the Post Office at Martlesham, in a BICC cable. At present carrying a handful of voice channels, this is expected to become part of the P.O. eastern telecommunications network in the Autumn.

AUTOMATION

Increasing use of robot welders

CO-OPERATION between ASEA and ESAB with the former supplying a powerful robot able to handle 60 kilos at full reach since a first ASEA/ESAB complex was installed in September last year. It has worked up to a two-shift operation. Elsewhere in the automotive industry, the ASEA robots are being used in its car manufacturing lines.

More from ASEA at Villiers House, 41, Strand, London WC2N 5JX. 01-950 5411.

QUALITY CONTROL

Heat shock tester

INTENDED for the thermal shock testing of small components or in-line "burn-in" during production, a range of pre-determined cycle counter, Cee-Tel Thermal Equipment has enabling any number of cycles working volumes from 0.5 to up to 999 to be carried out.

Using liquid carbon dioxide cooling the chambers are normally capable of -55 to +125 degrees C, but -70 to +200 degrees C can be provided. Automatic cycling facilities Malden, Surrey (01-949 5488).

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Garage Equipment
Combustion Engineering

ELECTRONICS

Joint work plan by AMI/Bosch

ROBERT BOSCH West German manufacturer of electrical, electronic and mechanical systems for car equipment, has signed an important development agreement with American Microsystems Inc. (AMI) under which, for five years, the two will undertake a joint development effort funded by Bosch to design integrated circuits of the MOS type as components for Bosch products.

AMI will produce the component parts that result from the combined effort.

At the same time, Bosch will take a 25 per cent holding in AMI and have two Board directors.

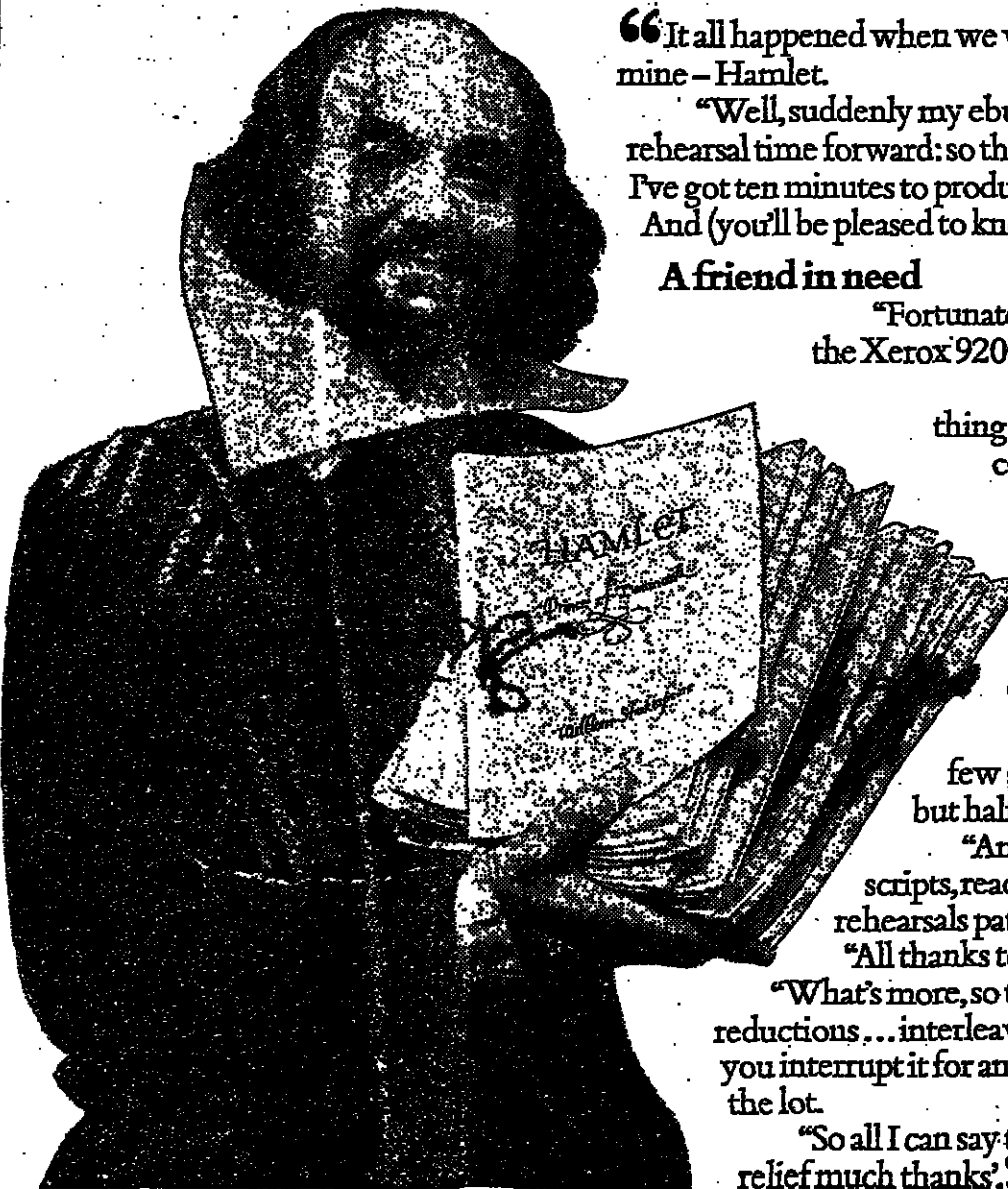
This move is seen as a significant one in the light of the increasingly heavy sales pressure on the motor industry to move far more rapidly than hitherto towards "computers under the bonnet." Projections of large new markets in this area, for the component makers, stress the better fuel economy and pollution control possible with electronic regulation of a car engine by microcomputers.

So far, Motorola has been a leader in this area of the market in the U.S.

More from AMI at 10SA Commercial Road, Swindon. 0793 31345.

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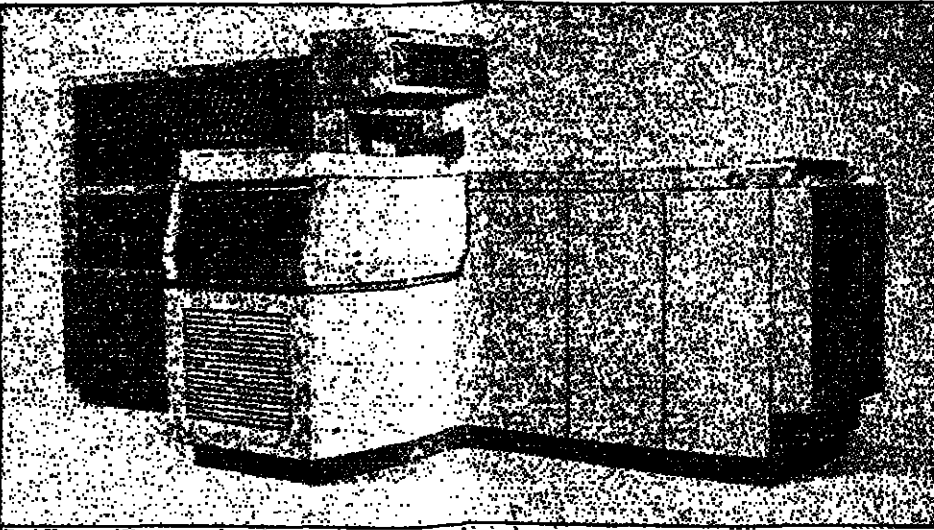
"And within ten minutes, I'd got my complete set of scripts, ready for Dick Burbage to hand out to the cast and begin rehearsals pat on time for once.

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"So all I can say to the people who make the Xerox 9200 is, 'For this relief much thanks!'"

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The Bermuda Agreement

What was agreed

BY IAN HARGREAVES

AN OUTLINE draft which will form the basis of the new Bermuda Agreement covering air services between Britain and the U.S. was finalised at 5.10 p.m. yesterday—ten minutes after the old agreement had expired.

According to the two delegations, led by Mr. Patrick Shovelton for the U.K. and Mr. Alan Boyd for the U.S., the final hours were confused and frantic with the result that the delegations agreed to meet again yesterday afternoon to continue drafting. A full treaty, running to about 25 articles, some of them 50 pages long, should be available for further meetings over wording and for final signature in Bermuda towards the end of next month.

Both sides said yesterday that the settlement was satisfactory. Mr. Edmund Dell, the Trade Secretary, said the deal met Britain's objectives, but added more cautiously: "The most we want to claim about it is that it gives U.K. airlines a better opportunity to fight for a growing share of a growing market."

Asked who he thought had won during the talks, Mr. Boyd said: "We both won; the airlines won and the public won. That is the way agreements between sovereign states should work out."

Mr. Shovelton said it was not possible to put a figure on the likely net benefit either to the British airline revenues or the U.K.'s balance of payments, but he believed the conditions had been created for the present 2:1 earnings ratio in favour of the Americans to be successfully challenged.

The agreement will, like its predecessors, cover services on North Atlantic, Pacific, Bermuda and Caribbean routes for airlines of both countries.

The same principle will be written into the new agreement as were contained in the old treaty signed in 1946. The most important of these are the provisions that capacity should bear a close relationship to demand, and that there should be "fair and equal competition between carriers."

A central theme of the negotiations since Britain unilaterally revoked the 1946 treaty last year has been the question how capacity on the North Atlantic was to be regulated in line with Britain's wishes.

This has resulted in the inclusion of an annex to the article on capacity providing for the first time for a direct system of regulating the number of seats available on North Atlantic Services. This provides for a twice yearly procedure, which will begin with the exchange of airline schedules by each government. At this point, airlines will have the freedom to adjust their plans. If one government decides that a particular proposal constitutes over-capacity on a route, it may protest and, if the other side agrees to its case, the airline in question will be instructed to alter its schedule. Precise legal powers to enforce this on airlines have not yet been determined and it may be that they would all involve the British courts.

If the governments, as must be likely, disagree, there is a fall-back mechanism whereby the airline must agree to tailor its increased capacity proposals according to a formula based on traffic forecasts by the competing airlines. If the median point between the two forecasts is, for example, an expectation of a 10 per cent. increase in overall traffic, the airline will be permitted to mount ten per cent. more flights.

Finally, there is a clause which in effect suggests that this mechanism will not normally be used where proposals involve fewer than 20 extra flights in a summer season (30 weeks) or 13 in winter (22 weeks). The time allowed for completion of the operation of the mechanism is six months.

The British hope that these measures will, by themselves, push up load factors on the North Atlantic from about 60 per cent. to 65 per cent.—which would mean a net gain to British Airways' profits of about £5m. a year. Britain regards the American agreement to a capacity regulator as a major breakthrough, although its success will clearly depend on maximum goodwill from both sides.

The Americans said in an official statement that they only expected it to be used "in exceptional cases."

On fifth freedom rights—which allow U.S. airlines to pick up passengers from flights east out of London, and west out of

Hong Kong, Britain has made substantial gains, but made one huge concession. The concession is that there will be an open house on so-called combination rights—so that airlines from both sides can link through each other's cities to third countries. This means, for example, that American airlines can switch passengers between each other's flights in London for onward journeys to Europe. Its effect will be to increase the earnings of many American services and to ensure Heathrow's future as the gateway for U.S. airlines into Europe.

British negotiators were unwilling to speculate on the value of these combination freedoms yesterday, but they have certainly been fiercely—but unsuccessfully—resisted in the talks. In some cases, they actually extend the Americans' flying rights. On the other hand, the U.S. has agreed to surrender immediately over half its fully-fledged fifth freedom rights and to phase out others.

The net position is that the U.S. has fifth freedom rights permanently for its round-the-world service (but this is now formally limited to a once-a-day departure), for Frankfurt, Hamburg, Munich, Berlin, Japan, Singapore and Bangkok (subject to certain restrictions in the case of the last two). After three years, the U.S. will also surrender fifth freedom rights to Austria and Belgium and after five years to the Netherlands, Norway and Sweden.

The U.K., having been forced to withdraw from its original demand for the elimination of all fifth freedoms, has agreed to keep certain of its own rights in the U.S., although these are not regarded as being of much commercial use.

Most of the detailed argument over the last few days has been about routes. Britain has obtained rights to a further six gateways in the U.S. (Anchorage, Atlanta, Dallas-Fort Worth, Houston, San Francisco and Seattle) bringing British Caledonian whose rights have generally been restricted rather than increased in the agreement, gets sole operating rights for London-Houston for three years and a U.S. airline will be given a similar right for London-Atlanta and for London-Dallas. The argument is that these are thin routes which cannot yet support two carriers.

Because the U.S. does not have rights into Manchester Britain has also agreed to the U.S. nominating one other U.S. city for sole rights for an American airline after three years. Single airline designation

(one American and one British airline) has been agreed for all North Atlantic routes except London-New York and London-Los Angeles. On New York, Britain will fly British Airways and the Laker Skytrain against Pan Am and TWA. BA will also fly Los Angeles, but it is not certain whether British Caledonian, which holds a licence, will be nominated the second carrier.

In the Far East, Cathay Pacific the British-owned Hong Kong-based airline, has been given new passenger and cargo rights between the colony and the U.S. West Coast. The Americans, however, have made some route gains in the Far East which offset these rights.

On charters, the U.S. has dropped its insistence that detailed arrangements on charters should be incorporated into the Bermuda Agreement from the date the present charter agreement expires next March. There will be a charter article for the first time in the agreement, however, although it will be vague. Further talks are planned on this subject and the British hope that this will lead to a multilateral agreement on charters between Britain, the U.S. and other European countries.

Some progress does seem to have been made on the niggling issue of tariff procedure. Difficulties have been caused in the past by last-minute interventions of the U.S. Civil Aeronautics Board after agreement has been reached by airlines through the International Air Transport Association. The new agreement sets up a working group between the two governments to set costings and load factor yardsticks in advance of IATA talks.

Considerable relaxations have been agreed for all-cargo operations. Concorde, which has featured at times prominently in negotiations, will not be mentioned in the agreement. At least this omission, will not jeopardise the aircraft's chances of establishing itself as a permanent operator between London and Washington.

Few concrete measures have been agreed to meet the British demand for a shift of traffic from the overcrowded Heathrow Airport. The only American concessions are that services from the new gateways of Atlanta, Houston and Dallas-Fort Worth will be forced to use Gatwick which is the base of British Caledonian, the U.K. Airline with rights on the first two of these routes.



Impact on the Airlines

BY FT CORRESPONDENTS

THE SUCCESSFUL completion of nine months of arduous negotiations on a new Bermuda Agreement will mean little respite for American negotiators who are now expected to face claims from a number of countries that it is time to re-negotiate bilateral air treaties.

The Bermuda Agreement has always been regarded as the model for other bilateral agreements and the Japanese Government, to take only one example, has been waiting until these negotiations have been completed before deciding whether to denounce its bilateral treaty with the U.S. and to press for new rights to fly to the U.S.

Awareness that other countries are watching very closely has been one of the major reasons for the American determination to give ground only very slowly, if at all. In particular both the U.S. Government and the airlines are worried lest there should be a flood of demands from other European countries for greater reciprocal rights to fly to more American cities.

American officials are adamant that the concessions on designation that have been made to Britain should not be seen as the forerunner of similar concessions to other foreign carriers but it remains to be seen how effectively they will be able to argue this point in the coming months. Apart from Japan, Italy is also on the point of re-negotiating its agreement and other European countries are expected to follow.

European officials in Washington believe indeed that the new Bermuda Agreement marks the beginning of what one called "the crumbling of the American air empire". They argue that the U.S. achieved a dominant position in the immediate post-war period in international air transport but that this has now been eroded as other countries had dropped earlier demands

have increased their own airline capacity and grown more prosperous.

But if the Americans may have cause for concern about the future they are also pleased that they have prevailed on Britain to link charter and scheduled services for the first time in a major international agreement and that they have forced Britain to agree that two airlines from each country may serve both New York and Los Angeles. At the start of the talks Britain had insisted on only one airline per country to each destination.

The Bermuda Agreement talks have been closely followed by President Carter who issued a short statement early yesterday morning after they had been successfully concluded. The President said that the signing of the pact "demonstrates to the world that the warm relations between our two countries are as strong today as they have ever been."

With available details of the new U.S.-U.K. civil aviation agreement scanty in New York yesterday, major American airlines were reluctant to make substantive comment on how they would be affected by the new regime. But it was clear that their attention would be turning rapidly to the U.S. regulatory authorities which must determine which airlines are awarded routes to the new American "gateway" cities: Houston, Atlanta, and Dallas-Fort Worth.

Mr. William T. Seawell, chairman of the Board of Pan American World Airways, made the following statement: "The new agreement transfers net economic benefit from the U.S. flag system to the British flag, and will undoubtedly press this that was the purpose of the old agreement."

Given the hard circumstances, Ambassador Alan S. Boyd, supported by the White House, by the Departments of State and Transportation, and by the Civil Aeronautics Board, flights, noting that it would have done well in achieving a workable solution—one that the U.S. flag system can live with."

Both Pan American and Trans World Airlines had the British had conceded the principle of double designation on the New York-London run and day.

that British carriers be allocated a higher market share of passenger seats.

There was satisfaction, however, that double designation is also to be applied to the London-Los Angeles service, currently piloted by both Pan Am and TWA.

On the New York-London service, the one outstanding question appears to be the way in which the two U.S. carriers will match the low fare services to be offered from September 26 by Laker Airways.

Both Pan Am and TWA have said they will meet Laker competition, but have not disclosed how. Both said yesterday they would be operating a similar service by the time the Laker flights begin, but neither would reveal whether they planned special low fare flights, or would merely allocate a percentage of seats on their current flights to "standby" passengers paying Laker-type fares.

On the question of the services to the new Gateway cities, resolution remains with the Civil Aeronautics Board. It will be recalled that last year the CAB awarded several new routes, with Pan Am winning flights to London from Dallas and Houston and Delta Airlines securing Dallas and Atlanta services.

But in one of his last actions in office, President Ford referred these decisions back to the CAB, which, in turn, announced that it was deferring further action until a new civil aviation agreement with Britain had been reached.

Both Pan Am and Delta remain confident that they will retain their awards when the CAB reconsiders, but competition is expected to be stiff: American World Airways, for example, the following statement: "The which already operates on the Miami-London route, had bid for economic benefit from the U.S. flag system to the British flag, and will undoubtedly press this that was the purpose of the old agreement."

Pan Am expressed some satisfaction yesterday that a U.S. carrier is to get the extra Hong Kong to Singapore service. Pan Am now flies between these two cities and was confident that it would be awarded the extra routes, noting that it would have done well in achieving a workable solution—one that the U.S. flag system can live with."

Pan Am, however, stands to lose most by any reduction in the "fifth freedom" rights enjoyed by U.S. airlines. The company resolutely declined comment on this subject yesterday.

of the bilateral process engaged on, its capacity were still shrouded in mystery in New York.

British Airways sent a message yesterday evening the British teaming such a satisfactory result.

But British Caledonian the Government's civil policy was in ruins, the new arrangement cost the company over first year revenues.

There were the 17 lines affected by the Bermuda agreement outcome of the talks.

British Airways it its early morning call later in the day that "lengthy and tough talks" it was clear from the talks, although had achieved all it for. But it believed a new agreement gave foundation on which growth of its seat seemed broadly set the outcome to the 1

BA, which expect 1m. passengers between the U.S. this year fact gained more other single airline of the agreement.

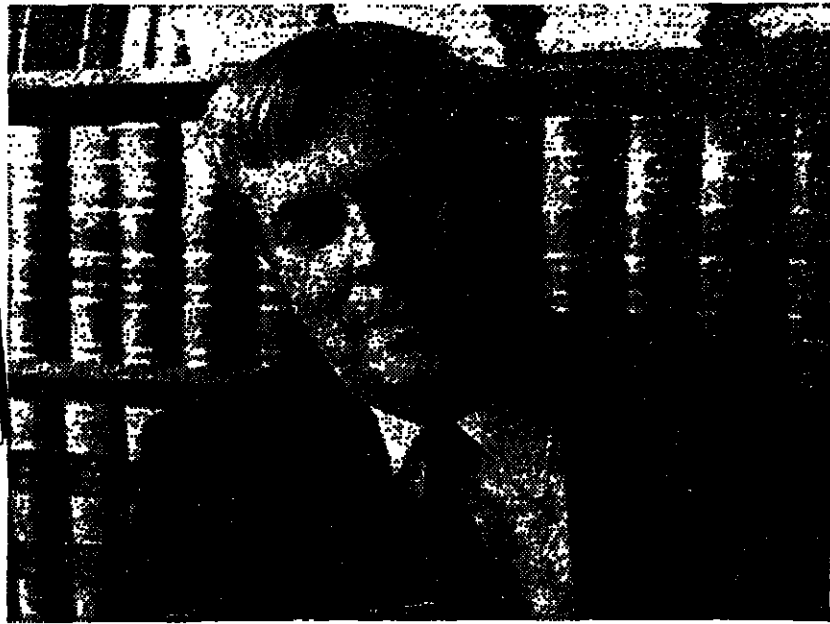
It stands to carry \$5m. a year profit for centage point the at factor (the number available divided by of passengers) is put its present level of British negotiators I believe the new controls on the North should lift the load per cent.

British Caledonian its forecast revenue with a 1er lost and was like through the new B. Cal stated that holds a licence for 1 York triple design existed on the route it was afraid it squeezed out from was also afraid the thing might happen Angeles, where it licence to operate.

B. Cal believed severely affectedments on the Houston runs.

Fortunately, most advertisers aren't too worried about Albania

The man in the photograph below has been described as one of the most influential economic journalists of the past 20 years.



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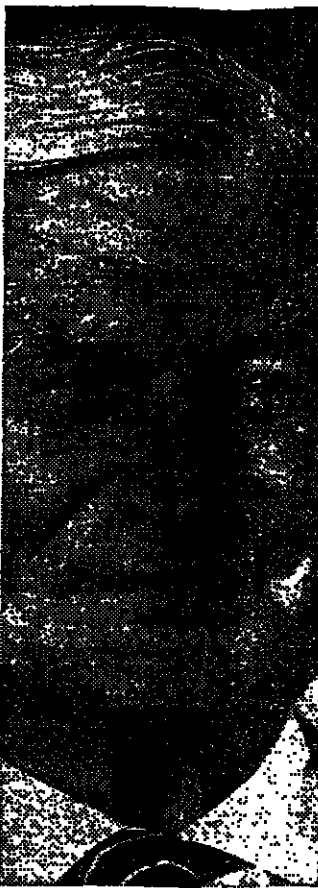
Why uranium is a very special case

By DAVID FISHLOCK, Science Editor

WORLD URANIUM RESOURCES

(excluding East bloc, in 1,000 tonnes)

Table with columns: Country, Reasonably Assured, Estimated Additional. Rows include Australia, South Africa and Namibia, Canada, Niger, France, Algeria, Gabon, Spain, Argentina, Other, United States, Total.



John Kostalik, chairman of the Uranium Institute.



Anthony Grey, chairman of Pancontinental Mining.

Lessons of Grunwick

ALTHOUGH THE industrial dispute at the Grunwick Processing Laboratories has now been going on for more than 40 weeks, it has recently attracted much more public notice because of the growth of mass-picketing and because of increasing violence between workers and police.

Attempts have been made in the past to tidy up this matter and have failed, largely because the TUC either wanted too much or was shy of being tied too tightly with legal definitions.

Accountants against reality

PRELIMINARY reports suggest that the polling in the vote of the English Institute of Chartered Accountants is running significantly against any compulsory standard on current cost accounting.

The appeal for pragmatism, argued by Mr. Jack Clayton among others, is more seductive at first sight, but it looks back to a more relaxed age. It is not realistic in face of the general pressure, here and in other countries, for tighter accounting and auditing standards.

SYMPATHETIC laughter ruffled around the makeshift court at the U.S. Embassy in London last week when a scientist who was being questioned about the extent to which he had investigated the antecedents of the Uranium Institute when he joined it told the U.S. judge: "There are some circumstances where men do not explore all the possible frontiers of knowledge."

It was a reply, likely to cause apoplexy among those opposed to nuclear energy, or opposed to big business generally. But even Westinghouse Electric—as the aggrieved party which had obtained the British High Court order requiring Mr. Terry Price, secretary-general of the Institute, to appear before Judge Merhige—might be expected to sympathise with that reply of his.

Gathered in London to-day for the annual meeting of the Institute are top executives representing half of the known low-priced reserves of uranium outside the East Bloc. They meet at a time when uranium is on the brink of becoming as important to world economic development as oil has been for the past 50 years.

Moreover, owners of nuclear reactors have no option but to buy uranium fuel. There is no substitute; no way of converting a reactor to burn another fuel. In short, there is a mutual dependence of customer and supplier in this commodity market which binds them together more closely than in the case of any other metal.

MEN AND MATTERS

The pastor flies in Pastor Elif Krugger is an amiable Dane who likes the simple life and who started running tours for his congregation 27 years ago.

The Krugger operation runs under the name of Tjaereborg, the name of the pastor's original parish. Tjaereborg Rejser is a charitable trust, but one which regularly produces a healthy profit, in marked contrast with some of the competition.

Tjaereborg's activities at the moment include a network of its own offices and a combination of direct selling and the use of travel agents. British agents are terrified of a direct selling war and would be particularly alarmed if Thomson were tempted to use its publishing and marketing expertise to match Tjaereborg direct sell for direct sell.

Uranium deliveries in the mid-1980s hovered around the \$40 figure. Mr. Price told Judge Merhige that price has two aspects in the commodity market. The normal one is the contractual "economic" price. Simply interpreted that means that the higher the price, the leaner the ores which can profitably be mined, and hence the higher the estimated viable reserves (see Table). A doubling of the price more than doubles the estimate of "reasonably assured" uranium resources in the world to-day.

A third point the miners want the world to accept is the consequence of increasing Government involvement in the industry's activities. For example, the U.S. has closed its borders to uranium imports to protect the domestic industry. Australia, on the advice of the Fox Commission, is contemplating strict controls on the rate at which new resources shall be developed.

Belgrade: paying the price The Yugoslavs have deployed one or two unexpected characteristics in staging the Helsinki follow-up conference now being attended in Belgrade by 197 delegates from 33 European nations.

Practical Road sign in Tennessee: "Ford ahead. When this board is under water, ford is impassable."

Observer Eating is expensive too, with the centre's snack bars and restaurants happily pocketing nearly £2 for two small sandwiches and a beer.

prepared to sell it almost certain to decision. Mr. Frase appointed Mr. Fo special adviser on Without Austral the uranium industry hope of making t anti-proliferation The essence of th outlined by Presid April 7, is that so world reserves of there is no urge commercialise f reactors or to recy as fuel in thermal One further u, ducer cannot be these calculations. Africa, where ou tion increased by last year (the first risen for five yeas this week Mr. A. president of the Chamber of Mines, "within two to th shall again have former peak ann of approximately tonnes." The in includes no new facilities either in or in neighbour. South Africa special problem fo industry. UN site cise the country — by driving it out national Atomic E — could rebound tional efforts to faration. It could a two-tier price uranium, with commanding a p from those Gove other countries to supply.

The year has also seen the publication of two reports from the Fox Commission in Australia, set up in 1976 to report on the environmental impact of exploiting the rich new uranium deposits discovered in the Northern Territories. Mr. Justice Fox took much longer and cast his net wider than anyone originally expected, but finally came up with recommendations for going ahead with exploitation under fairly stringent constraints. His concern focused on proliferation of nuclear explosives.

Mr. Anthony Grey, as chairman of Pancontinental Mining, is sitting upon the world's largest known board of uranium oxide, at least 200,000 tonnes at Jabulana, accessible to open-cast mining. This board, once released is likely to depress world uranium prices a little. Mr. Grey will not commit himself beyond saying "to some where between \$30 and \$40." Others in the industry think it may even fall below \$30.

Mr. Malcolm Fraser, the Australian Prime Minister, is expected to announce his decision on the exploitation of its uranium in a matter of days. Mr. Fraser will not commit himself beyond saying "to some where between \$30 and \$40." Others in the industry think it may even fall below \$30.

As Mr. Kostalik circumstances have urgent that even industry should join forecast supply help with its job. He believes that will be "able to market information laws of all jurisd developed legal abling it to pro tively sensitive about uranium fr producers or cons nual conference a forum for the ex on supply and den in spite of attempt uranium in a matter of days. was even attende Nuclear proliferation and the a senior Westing terms under which Australia is tive.

GRESHAM TRUST advertisement with logo and text: 'You may have decided that not the time to seek a public quotation for your company. You may still be anxious to pay off your overdraft or realise some of your shares for cash now.'

FINANCIAL TIMES SURVEY

Thursday June 23 1977

FINLAND

In politics and trade Finland has to look both East and West, an exercise at which the country has proved quite adept. Recession has hit its export industries hard, but there are hopes that the new Government will take a firmer grip of the economy.

Yellow file

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William Dulforce,
Correspondent

RITES die hard in the land as the Finns indulge in midsummer revels this week-end, few of them are a thought on the country's current political or economic standing. In more than a week they will be prepared to concede that they are in for an economic fix. On the other hand relations with the Soviet Union last at home they have a majority Government might just be strong to do something about stabilising the country. There remains a doubt if the Cabinet formed last

month by the Social Democrat leader, Mr. Kalevi Sorsa, it is because it reassembles the same five-party coalition which collapsed ignominiously last September. It includes the majority faction of the divided Communist Party, which with remarkable disregard for joint Cabinet responsibility was allowed in the previous coalition to vote against measures it disliked and still remain in the Government. Mr. Sorsa has said he is having no such nonsense this time and the Communists, whose eagerness to join the Government took the others by surprise, have meekly accepted his conditions for their inclusion. They appear to believe that at this stage in the economic crisis, they have more to win by being in office and influencing policy than by sniping ineffectually from the Opposition side. The mood of the country favours a government willing to act decisively.

The summer solstice arrives this time with more Finns jobless than in any year since the war. Inflation, which has been consistently higher over the past three years than among Finland's competitors, is showing signs of taking off again. Industry is operating well below capacity, has a severe cash shortage, can borrow little and has been shedding staff. Industrial production picked up last year after a 4 per cent drop in 1975 but on the export markets the recovery in demand for Finnish pulp, paper and board has not come through in force this year, while the

engineering industry, which benefited from delivery of some major orders in the six months to the end of March, still has thin order books. There are some encouraging factors, however. The payments deficit was cut back in 1976 and should be more than halved again this year. The stabilisation of the external balance is reflected in an underlying trend towards stabilisation of the economy as a whole at a reduced level of activity, even though inflation remains a disturbing factor. Stocks held by companies, though financially burdensome, are on the whole smaller than those held, for instance, by Swedish companies. There have been no major bankruptcies or defaults so far—even if the bankers are a little apprehensive—and the Bank of Finland in its selective allocation policy has allowed some borrowing for working capital purposes.

Rigorous
One sign that most Finns are ready to accept a rigorous recovery programme is the popularity in the opinion polls of Mr. Mauno Koivisto, Governor of the Bank of Finland, who has single-mindedly pursued a deflationary, tight-money policy since the beginning of 1975. At his first Press conference after the formation of his Cabinet Mr. Sorsa made the now ritual reference to the pre-formation of the Government's policy will over that of the Bank of Finland. The original state-

ment to that effect was made three Cabinets earlier by President Kekkonen. Mr. Koivisto has nonetheless continued to go his own way and has exercised more influence on the economy than any politician. Throughout the winter and early spring, while the Social Democrats and Communists were in opposition and their present coalition partners, the Centre, Swedish and Liberal parties, were operating a minority Cabinet, Finland experienced a succession of strikes. The tension was finally eased by a two-year pay settlement which, it may be tentatively said, was both higher than the economy could afford and yet insufficient to prevent a real decline in incomes. This settlement can come up for review early next year. Economic stabilisation and labour market calm will then depend on union discipline.

They will also depend on the political cohesion and efficacy of the new Government. The test will be especially severe for the Social Democrats, who are the senior partners (they have 54 of the 200 seats in Parliament) and occupy both the Premiership and the Finance Ministry. Mr. Sorsa's first Government (1972-75) was the second longest in office of any Finnish Cabinet. Yet at the age of 47 he still has to prove himself as Premier and as leader of his party. The need to balance between a radical Left-wing which is ideologically close to the majority Communists and a Right-wing which finds its

natural allies in the Centre has so far prevented the new generation of leaders from giving a clear profile or sense of direction to the Social Democrat Party. In government they have tended to vacillate between competing with the People's League (40 seats) and the minority Communists vote against the Government) in socialist programmes and seeking the combined support of Centre (40 seats), Swedish (10) and Liberal (9) parties for re-entrenchment measures.

Dialogue
Mr. Sorsa now seems to be anxious for a closer dialogue with Finnish industrial leaders and to bring about a consensus on economic policy. If he can carry along with him his own Left wing and the majority Communists this could be the most promising development in Finnish domestic politics since the country tumbled into recession. Many Finnish commentators believe that the presence of Communists in the Cabinet will be a stumbling block to Mr. Sorsa's ambitions. He can achieve a Parliamentary majority without Communist support but the question is whether he can keep his own Left wing under control if he tries to force through Cabinet measures opposed by the Communists. The problem calls for the type of leadership which has become rare in Finnish politics, a deficiency which has been attributed, not without justifica-

tion to the President's dominance of the political scene. Mr. Urho Kekkonen, who has held the office since 1956 and will presumably be elected for another six-year term next January, owes his power to his mastery of Finland's crucial relationship with the Soviet Union. The new Government was hastily put together at his request last month before his Russian visit. That visit turned into a personal triumph for Mr. Kekkonen. He signed an agreement on a 15-year economic co-operation programme, the first of its kind to be accepted by the Russians, and successfully rounded off a FM2.7bn. contract under which the Finns will build an iron-mining complex at Kostamus, just across the Soviet border. The Soviet leaders' personal esteem for Mr. Kekkonen was recorded in the official communique concluding the visit, which at least for the time being seems to have erased the Finns' uneasiness about Soviet attitudes.

This nervousness derived from the publication in Moscow last year of a book, under the pseudonyms Bartenjev and Komissarov, on Soviet-Finnish relations, reaffirming the importance of the military clauses in the 1948 treaty between the two countries. There was subsequent speculation that the Russians were questioning the reference to Finland's neutrality which is regularly included in joint communiqués. Earlier this year, in a private conversation with Norwegian Premier Odvar Nordli, President Kekkonen expressed his

concern about plans to include West German forces in Nato exercises in Norway. The military clauses in Finland's treaty with the Soviet Union call for action by Finland "with the assistance of, or jointly with, the Soviet Union" in the event of an armed attack by Germany or any State allied with it on Finland, or through Finland on the Soviet Union. The Russians can call for a conference if there is a threat of such an attack. Leakage of Mr. Kekkonen's remarks in Oslo caused irritation in relations between Finland and Norway but the Finnish President unrepentantly reiterated his view that "the growing military strength of the German Federal Republic... is capable of changing the strategic military situation [in Northern Europe]". This particular excitement has died down. Mr. Kekkonen appears to have reassured himself about the danger of a Soviet reaction involving Finland, but the incident does reflect yet again the sensitive relationship between the two countries.

Moscow's special interest in Finland and in internal Finnish politics is undeniable and extends even to such matters as the treatment by the Finnish Press and other media of news on the Soviet Union. The relationship is the core of Finnish foreign policy, on which it imposes a particular framework. On the other hand President Kekkonen's latest visit to the Soviet Union also underlines the very real advantages

BASIC STATISTICS

Area	130,129 sq. miles
Population	4.73m.
GNP	Fmks.108bn.
Per capita	Fmks.22,573
Trade (1976)	
Imports	Fmks.26.6bn.
Exports	Fmks.24.5bn.
Imports from U.K.	£289m.
Exports to U.K.	£562m.
Currency: Markka	
	£1 = Fmks.7.02

which the Finns have been able to cull from the relationship. The 15-year agreement (in effect 13 years since it runs from 1975 to 1990) is a Finnish initiative. It is the culmination of a series of economic agreements between the two countries which have been of great value to Finland in helping to secure its energy supplies and in providing orders for the engineering and shipbuilding industry, built up after the war in order to pay reparations to Russia. The advantage for the Finns is that it offers them long-term assurance on both energy supply and export opportunities. Soviet crude oil accounts for two-thirds of Finland's energy supply. When the Russians put the price of their oil after the 1973

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Touch of Mink


Kaipola TMP paper
The Touch of Mink for the printer cause at lower weights it gives better stability, smoother runnability, better strength, better quality for lower distribution costs.

Jylhä engineering
has shown its TMP engineering skills in designing and constructing the world's most modern and most economical TMP plants at Kaipola, Finland and Union A/S, Norway. Technological development is sustained by Jylhä's own refiner plate factory.

Finntalc
gives the Touch of Mink to the paper because its platy particles guarantee smooth surface, good ink retention and optical brightness. At 93% purity it replaces up to 35% of expensive fibre raw material.

TMP
United's united technology — KAIPOLA, JYLHÄ, FINNTALC — leads the world in TMP expertise. Turn to the experts with your enquiries on TMP — This Magic Pulp.



United, the peak of expertise

YHTYNEET PAPERITEHTAAT OY (UNITED PAPER MILLS LTD)
KAIPOLA JYLHÄVAARA FINNTALC

My field needs the Touch of Mink. Please send more information on

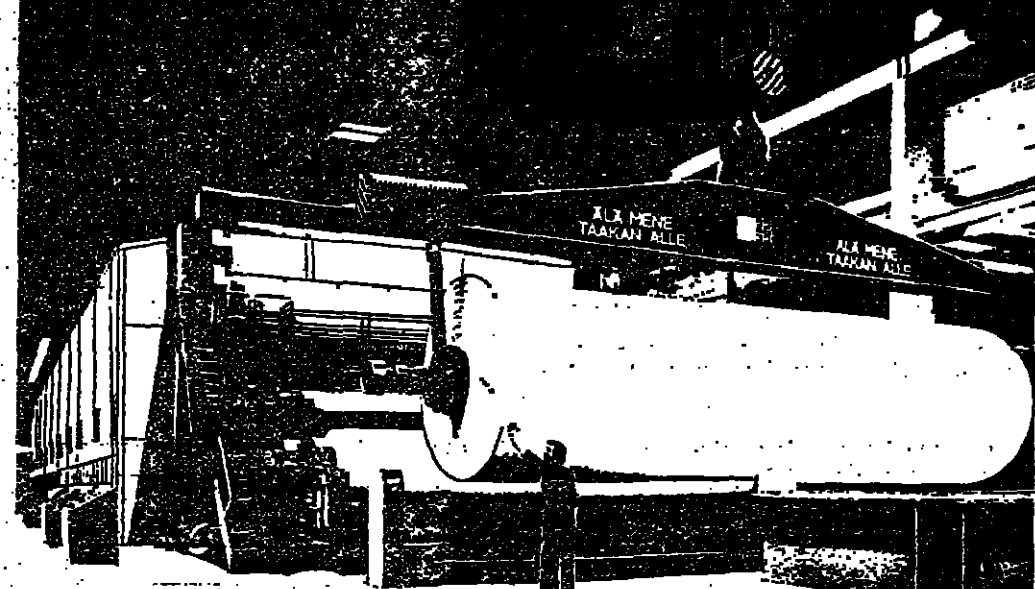
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Company	<input type="checkbox"/> TMP Engineering
Position held	<input type="checkbox"/> Finntalc
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FINLAND II

Embattled economy needs exports

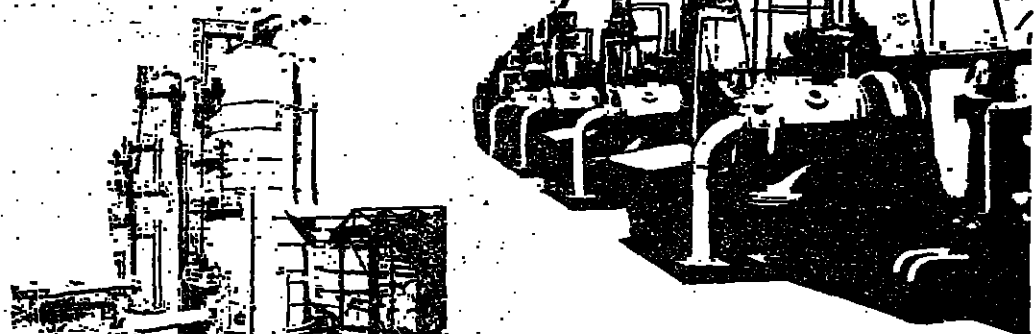
Bank

A Finn for all seasons: Rauma-Repola



Pulp and paper worldwide

Annual production capacity of the Rauma pulp mill is 150,000 tons dissolving pulp, and 60,000 tons high-yield bisulphite pulp. The paper mill can produce 260,000 tons newsprint and other printing papers.

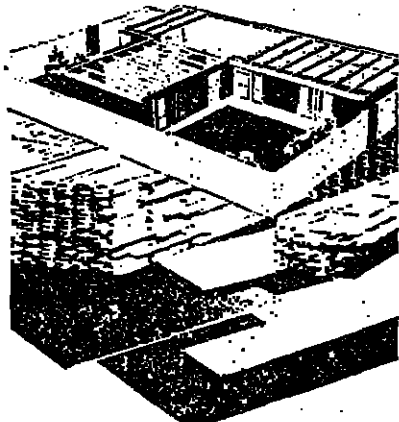


Machinery for the pulp and paper, chemical and mining industries

The machine production programme ranges from single units such as filters and washers to complete turnkey installations, bleaching, cooking and washing plants, and woodyards.

Key units for the process industry: heat exchangers

Rauma-Repola manufactures machinery for nuclear and conventional power stations, and for the chemical and petro-chemical industries — heavy steel constructions, pressure vessels and heat exchangers.

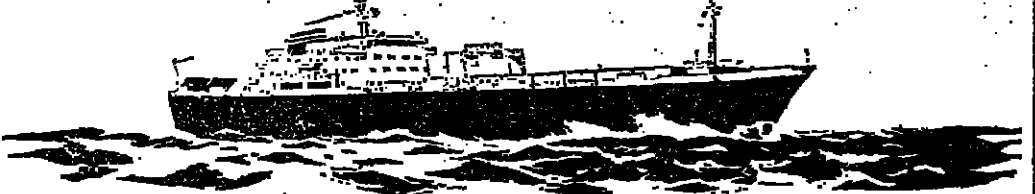


Where mobility is the keynote, Lokomo is the name

Lokomo's production comprises mobile cranes, excavators, motor graders and rollers, crushing equipment and forest machinery. The Lokomo steel foundry at Tampere is Finland's largest.

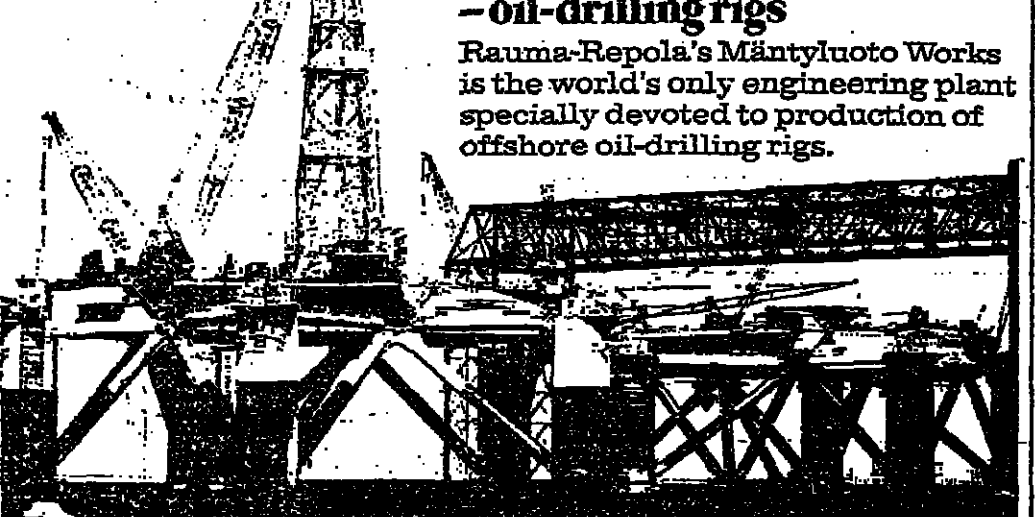
For the builder a range of products from building materials to prefabricated houses

Rauma-Repola, Europe's largest producer of sawn timber, has an annual output of one million cubic metres. Production includes blockboard, plywood, construction elements, doors and windows, ship furnishings, bowling alleys, saunas and structural elements, and prefabricated houses; these products are exported to more than 50 countries.



For the Seven Seas — special ships

Rauma-Repola's three shipyards launch about twenty 50,000 dwt, including ro/ro and replenishment tankers, product carriers, selfs and other special ships. This makes the second largest shipbuilder in Finland.



—oil-drilling rigs

Rauma-Repola's Mäntyluoto Works is the world's only engineering plant specially devoted to production of offshore oil-drilling rigs.

HEAD-OFFICE, SNELLMANNINK 13 SF-00170 HELSINKI 17, FINLAND
TELEPHONE: 13 100
TELEX: 10214 RAUMSF
CABLE: RAUREP HELSINKI

AFTER TWO years of almost no growth, the Finnish economy is still waiting for the impulse from abroad that can pull it out of the worst recession since the 1930s. Unemployment has reached a post-war peak, the inflation rate remains high, investment and savings are plunging and the foreign debt has doubled over the past three years. The only real success has been achieved on the current account, where the Bank of Finland's tight monetary policy has cut back the deficit. This is contributing to a measure of stabilisation in the economy at a much reduced level of activity.

For the past two years the most positive influence on the economy has come from the Bank of Finland from which the government, Mr. Mannerheim, in defence of the external account has almost single-handedly imposed a deflationary policy on a series of hesitant and indecisive governments. The formation of a new majority coalition Cabinet in May has opened the way for more effective Government action and there have been some indications that it may be getting its priorities right. For a country as dependent as Finland is on foreign trade, the first aim must be to improve the impaired competitive position of the export industry and ease the severe strain on company finance.

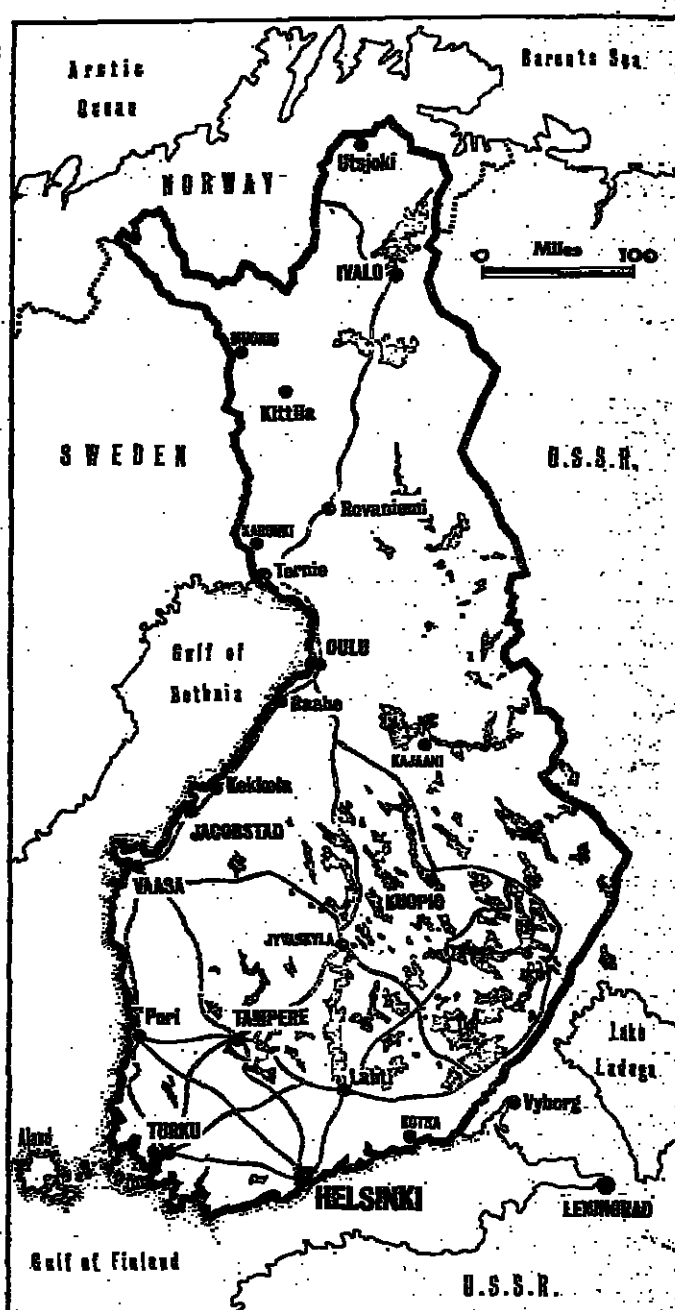
As long as the Bank of Finland shuts its eyes to a devaluation of the Finnmark—an attitude motivated by the size of the foreign debt as well as doubts about the Government's ability to take the complementary action needed to ensure the success of a devaluation—the options open are to improve industry's cost position by tax relief, to ensure a moderate wages development and to shackle inflation more effectively.

The first is within the Government's power, the second depends on its influence with the unions (here the presence of the Communists in the Cabinet could be the deciding factor) and it can at least contribute to the third by holding down its own spending. This line of action would, however, have little short-term effect on the Government's, the major priority, unemployment.

In a policy announcement on the formation of the Cabinet, Mr. Sores indicated that his Government would take up a major foreign loan (a figure of Fmk.1.2bn. was mentioned in the Press) to be used to increase employment. The impression given—and this may have been the political purpose—was that the foreign borrowing would be used for immediate employment relief. In fact, the Government's intention would seem to be to channel the funds into more long-term job-creating investment, possibly through investment funds of the type recommended by the OECD in its latest survey of the Finnish economy.

There may also be restrictions on the speed and size of such government borrowing. In spite of the further cut in the external deficit expected this year, Finland's foreign borrowing requirement will in any case be rather more than Fmk.5bn., including interest payments and the rolling over of debts. With the decline in private borrowing capacity the state will almost certainly have to undertake more of this borrowing itself. It would seem to be rather late in the year for the government to start seeking supplementary foreign loans.

The government has promised a statement on economic policy by mid-summer but its intentions are unlikely to be fully



clarified until it presents the budget statement in August. First impressions are that Mr. Sores and his senior colleagues are willing but doubtful about their ability to organise a solid political majority behind a tough stabilisation policy.

The current forecast is for an increase of 3.5 per cent in gross domestic product this year, based on the assumption that the growth in production which started last autumn but petered out during the first months of this year will reappear in the second half. Private consumption should grow by a moderate 3 per cent, while, if the government decides to continue the austerity programme initiated by its predecessor, the growth rate in public demand should be well below average.

Decline

A steep decline in industrial investment set in last year, especially in the key forestry, based and engineering industries, and in view of the companies' current cash shortages and profit performance no improvement can reasonably be expected this year. The Finnish Economic Research Institute estimates that industrial investment dropped by more than 30 per cent in 1976 and foresees a further 7 per cent decline this year.

Looking back, however, it will be seen that the Finnish economy maintained an exceptionally high investment rate during the first years of this decade and that the present decline has not taken it much below the average for the 1960s. It can also be argued that in the present state of the export markets and with low capacity utilisation in most industries there is no need for expansionary capital spending. Instead, investment can be concentrated on rationalisation and replacement of equipment designed to improve productivity.

Course

CONTINUED FROM PREVIOUS PAGE

OPEC price increases, the Finns were able to increase exports to the Soviet Union to make up the difference, a procedure which countries obliged to pay extra dollars may well have envied.

Under the present five-year trade agreements Finnish engineering and shipbuilding companies find that deliveries tend to accumulate towards the end of the period and are followed by slack times while new orders are contracted. The hope is that the 15-year agreement will smooth-out such fluctuations and allow for longer planning. The assurance of orders could be especially valuable for the badly hit shipyards.

In addition, the Finns recognise that if their engineering is to be competitive of Western markets they must both specialise and produce in longer series. Soviet and other Eastern bloc orders can help further these aims. Similarly, Finnish industry is hoping for joint ventures with the Russians in tendering for third country projects. An agreement to this effect has just been signed by Rautaruukki, the Finnish steel company, which operates a works largely based on Soviet equipment, and a similar agreement is under discussion for Finnish paper machinery manufacturers.

It may be no coincidence that Mr. Kekkonen's successful visit the signing of the 15-year agreement and the Kostasius contract, and the announcement of possible joint ventures in third countries took place just before the opening of the Belgrade meeting to examine implementation of the 1975 Helsinki agreement on European security and co-operation. The Russians are anxious to emphasise the economic and trade prospects of this agreement (at the same time as they play down the human rights issues) and it would not be the first time that they have used Finland as a shop window. The inclusion of "responsible" Communists in a Western-style Parliamentary government could be intended to purvey a parallel message.

The Finns, who hosted both the original Conference on European Security and Co-operation and the final signing conference, have been working hard to ensure that the Belgrade meeting does not dissolve into acrimonious charges and counter-charges and that movement towards greater East-West co-operation is maintained. To this end senior Finnish diplomats have visited 25 capitals over the past few months.

This activity is again motivated by self-interest. The reduction of tension in Western Europe eases Finland's security problems, makes more remote the possibility that the Soviet Union would seek to apply the military clauses of the 1948 treaty, and confirms Finnish neutrality. Greater East-West economic co-operation serves the same aims and also increases Finland's scope to trade freely in both West and East and to take advantage of its business experience in both areas.

year's 14 per cent.

It is argued that the effect of this inflation rate on the central issue of industry's unit costs will be less damaging than the figures suggest, because it includes such elements as the sales tax, coffee prices and the farm price settlement which do not directly affect industry's cost structure. It is hoped that unit costs will rise no more than 7-8 per cent this year and that the export industry's competitiveness will not be further impaired. On the other hand, the inflation rate is a determining factor on wage development.

The national wage settlements reached this year after a series of strikes can scarcely be regarded as deflationary. Allowing for moderate wage drift, the Economic Research Institute forecasts that nominal earnings will rise by 9.2 per cent this year and by a further 8 per cent next year. Although the Finance Ministry believes that after adjustments to the income-tax scale households purchasing power will remain unchanged, continuation of the current rate of inflation will mean a drop in real disposable income. And the national settlements allow for a wage review early next year. Much will depend on the ruling coalition's determination to keep wages down, the internal compromise it can reach over farm prices and its relationship with the unions.

Unemployment reached its highest post-war level last year, averaging 4.7 per cent. In the first three months of this year the registered unemployed averaged 129,000 or 6 per cent of the labour force. In April the figure rose to 158,000, of which 45,000 had been laid off due to temporary or longer lasting shutdowns at the factories. The position is scheduled to improve during the summer months but a return to a 6 per cent rate of unemployment can readily be anticipated next winter.

Although the new Government promised action, the situation is rather hopeless and is especially severe for young people, among whom unemployment is some three times higher than the average. The problem is that industry has a genuine profits and cost crisis, and the only way many companies can

survive under

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Banks restricted but profitable

ERIES of persisting factors cumulative negative effect making 1977 the third successive difficult year for the banking sector. Money is still tight, and likely to remain so at least for the rest of this year. But the demand for credit accommodation is still strong, especially from corporate firms. Inflation is continuing to high a rate. The savings rate, hitherto rated good in Finland, has fallen alarmingly. The international markets are strictly controlled by the Central Bank. The rate of Finland's net long-term debt and the current account deficit. The growth of public spending has been slowed down, but not enough. The public sector is also leading in the domestic market.

This adds up to an economic scene that is familiar in Finland, only this time it is more usual. The government is using to apply effective fiscal policies, leaving the Central Bank to go it alone with monetary expedients. Even the commercial bankers, with anxious credit-hungry corporate clients to pacify, concede that Mr. Mauno Koivisto, Governor of the Bank of Finland, has done a good job, though they are now beginning to ask for some relief in the money market.

Quotas

The Central Bank allocates credit quotas to the commercial banks, that is, fixes limits to their borrowing from the Central Bank at the set rate of interest, now 9 1/2 per cent. The banks may exceed these quotas, but at the cost of paying a penalty rate of interest, and the increased costs cannot be passed on to their clients. The present squeeze began in 1975 when the aggregate quota of the banks was reduced from Fmk.2.8bn. to Fmk.2.5bn. Another Fmk.200m. was lopped off in 1976 and a further Fmk.400m. in the current year. The total quota is now Fmk.1.9bn. In the same period, the banks' total borrowing from the Bank of Finland has risen from around Fmk.1.5bn. to over Fmk.4bn. Thus, it is well over double the quota. The penalty interest bill for the

banks was over Fmk.100m. (about £16m. at the December 1976 exchange rate) last year. Apart from the credit quota regulator, the Bank of Finland periodically issues credit policy guidelines to the financial institutions, and they are followed. The last guidelines gave the principles to be applied in screening credit applications. Priority was to go to loan applications for operating capital for profitable and marketable production, for investments in progress which can be put to profitable use on completion, for new investments only if they are extremely profitable. Imports, non-productive investments and consumption have no priority. The effects were soon perceptible in the change in the growth of advances by the financial institutions between 1975 and 1976. It decreased from 16 per cent in 1975 to 12 per cent last year. In spite of this restraint, the commercial banks exceeded their credit quotas throughout the year, for apart from the Bank of Finland and the now restricted international market, they were dependent on deposits to meet their clients' demands.

Taking the same two years, the growth of total deposits (deposit and cheque accounts combined) fell from 20.3 per cent in 1975 to 9.3 per cent in 1976. The same sharp downward trend was observable in the household savings ratio, that is, the ratio of savings to the disposable income of households. In 1975 it was 13.8 per cent, and last year 9.1 per cent. As the depression continued, unemployment increased, inflation and taxation took larger bites out of earnings, the propensity to save weakened and the public used what surplus disposable income it had to rescue what it could of its existing standard of living. This applies particularly to that sector of the population that normally shows the highest propensity to save.

Circle

In the foreword to Unitas 1977/78, the quarterly review published by Union Bank of Finland, the Chief General Manager, Mr. Mika Tiivola, took the public sector to task for what he called "the vicious circle of financing." He observed that in spite of some easing of the money market in 1975, the pressure on the commercial banks and the debt of the corporate sector rose to an unprecedented level in 1976. The reason was that "a large part of the funds procured by business from various sources soon found their way back to the public sector in the form of current, new and increased taxes and charges."

The annual (December to December) rate of inflation in 1975 was 18.1 per cent; in 1976 it was 12.3 per cent. The first estimate for this year was 10 per cent, the next 12.5 per cent, and now it is 14 per cent. The highest interest rate on ordinary deposits, the rate paid on two-year deposits, is currently 7 1/2 per cent. Little wonder that the household savings ratio has plummeted. High inflation also explains why commercial banks proper only 4 per cent. The first two groups are also demanding a larger share of the Bank of Finland's credit quotas. The commercial bank group opposes this on the grounds that it provides most of the financing for industry and has been forced to run up heavy penalty interest bills for this reason. Incidentally, the central banks of the co-operative banks (OKO) and savings banks (SKOP), and Postipankki also rank as commercial banks, although they are still grouped separately from the older commercial banks.



A Karsallis-Osake-Pankki (KOP) branch office in Salo, in south-west Finland

TEN BIGGEST BANKS IN FINLAND 1976

	Balance-sheet, F.mks. m.		Growth of balance-sheet, F.mks. m.	
	Dec. 31, 1975	Dec. 31, 1976	Dec. 31, 1975	Dec. 31, 1976
Karsallis-Osake-Pankki (KOP)	12,436	13,117	681	5.5
Union Bank of Finland (SYP-FBF)	12,176	12,647	471	3.9
Post Office Bank (PSP) and State Investment Fund (INRA)	7,423	9,371	1,948	26.2
Central Bank of the Co-operative Banks of Finland (OKO)	3,174	3,768	594	18.7
Central Bank of Savings Banks in Finland (SKOP)	2,772	2,950	179	6.4
Bank of Helsinki (HOP)	2,299	2,463	164	7.1
Industrial Bank of Finland (STP)	1,537	1,700	169	11.0
Mortgage Bank of Finland (MBF)	1,116	1,463	346	31.0
Yhteinen Työväen Säästöpankki (The Finnish Labour Savings Bank) (STY)	1,151	1,364	213	18.5
Yhteinen Kiinteistöpankki Oy (SKOY) Real Estate Bank in Finland)	915	1,011	104	11.4

Of the ten banks there are five commercial banks, three mortgage banks, the postal bank and savings bank. Eight of these banks are privately owned, two State-owned (Postal Bank and the State Investment Fund).

Some consolation for the land International S.A., in Luxembourg. Its affiliate banks in Scandinavia are Scandinavian Bank in London, Banque Scandinave en Belgique in Brussels, Banque Scandinave en Suisse in Geneva, and Scandinavian Bank in Hong Kong. It has representative offices in other financial centres Frankfurt/Main, Moscow, Rio de Janeiro and Tokyo. The third largest commercial bank of Finland, the biggest commercial bank, is at present setting up banks, Bank of Helsinki, has a subsidiary in Luxembourg. Its affiliated interests in Banque Nordique in Paris and in Banque Transatlantique in London, which has a branch in Singapore, Nordfinanz-Bank in Zurich, and Manufacturers Hanover Banque Nordique in Luxembourg, Hanover Banque Nordique in Paris. It has representative offices in London and offices in Sao Paulo, Singapore and Moscow.

Fierce

The competition for deposits is fierce. Strangely enough in 1976 the competition for deposits is fierce. Strangely enough in 1976 the competition for deposits is fierce. Strangely enough in 1976 the competition for deposits is fierce.

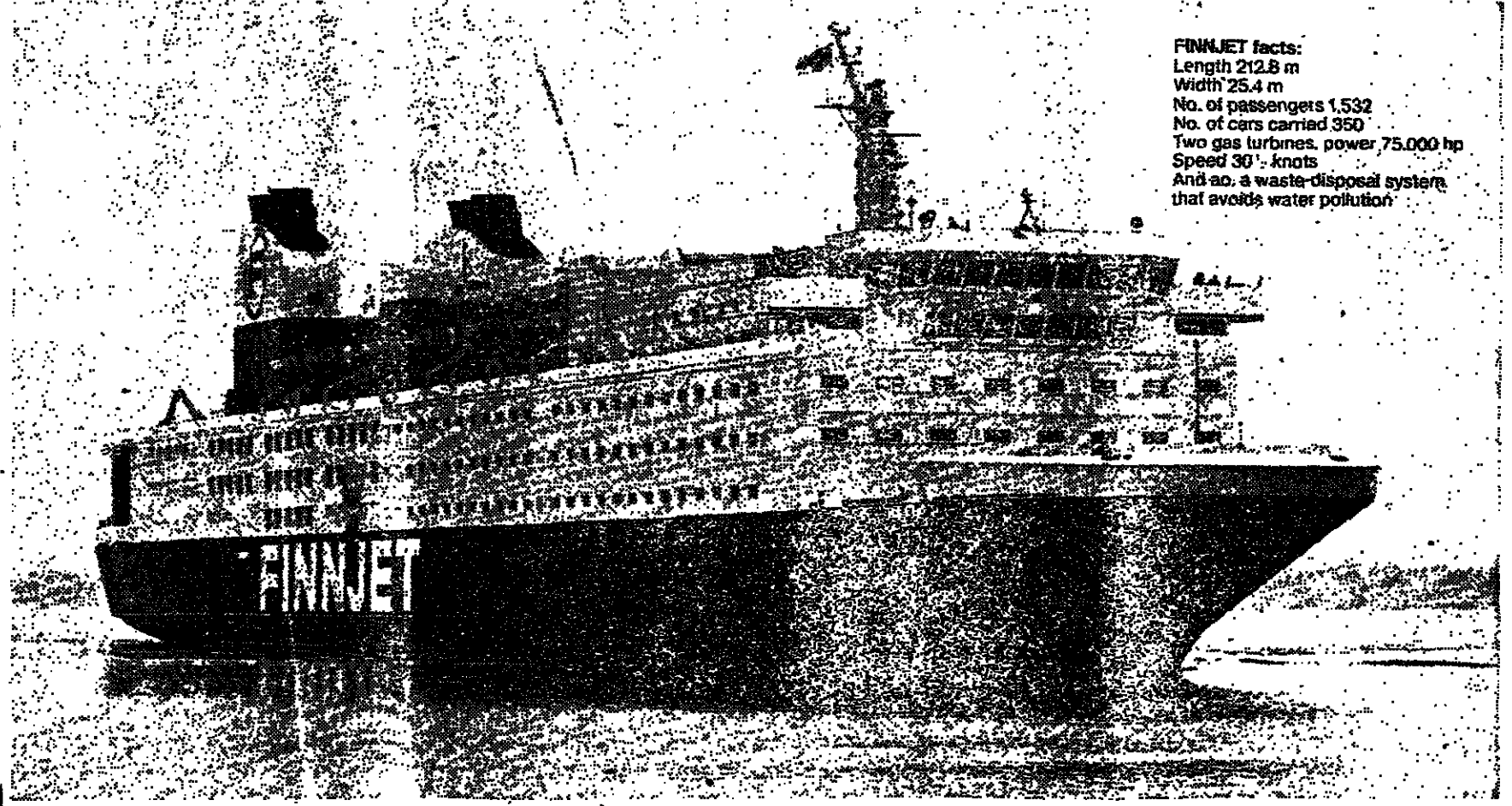
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Lance Keyworth
Helsinki Correspondent

Finnjet our way of thinking

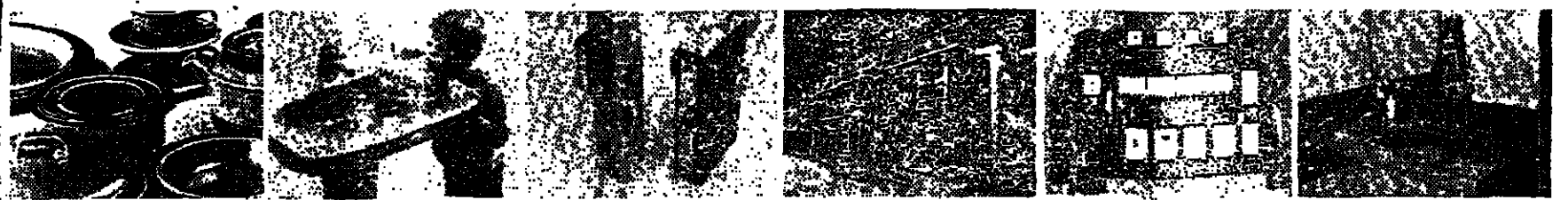


FINNJET facts:
Length 212.5 m
Width 25.4 m
No. of passengers 1,532
No. of cars carried 350
Two gas turbines, power 75,000 hp
Speed 30 knots
And so, a waste disposal system that avoids water pollution

Wärtsilä are world-famous Finnish ship-builders. They know more about ice-breakers than anyone else, they also build luxury cruise liners and sophisticated special vessels for the oceans of the world. And now Wärtsilä have built the "Finnjet", the world's biggest and fastest car ferry. The Finnjet isn't just another ship, she is the floating wonder of the Baltic.

This gas-turbine propelled vessel is a sterling example of Wärtsilä's ability to create something new and unprecedented in both technical design and shape. The Wärtsilä philosophy consists of research, planning and execution - with Finnish care and tenacity, plus Finnish feeling for design and technology.

Wärtsilä make a lot more than ships - on the same principle. Innovative thinking and products that function efficiently in addition to looking good are Wärtsilä's mottoes. To build ships is an art in itself. To be able to make more than that and channel one's versatile experience into serving the client's needs is an even greater talent. It means flexibility, capacity and creativity. Did you know this about Wärtsilä:



Wärtsilä's glass and porcelain are just as much in demand as its ships. Nuorteva Glass is a Wärtsilä company that makes individually designed art and utility glassware. And Arabia is the name of the Wärtsilä subsidiary that manufactures what is perhaps the most well known Finnish product, beautiful Finnish stoneware.

Wärtsilä save precious water. Ekenas Porcelain, also a Wärtsilä company, produce well designed sanitary porcelain products. They have developed a WC system in which the amount of water used for flushing has been reduced by half. Very important in a world of water shortages!

Wärtsilä also means security. Abloy is the name of a unique security locking system designed in Finland. Abloy locks are used to guard the priceless treasures of the National Museum of Thailand, and the weapons of Sweden's ultra-modern armed forces. Just to mention a couple of examples.

Wärtsilä paper finishing machines - right where the paper comes from. Wärtsilä know how to make paper coating machines living literally in the middle of Finland's green gold reserves. The Järvenpää Factory also manufactures machinery for the wood-processing industry, printing equipment, nuclear power plant components and various steel fabrications.

Wärtsilä know how to save energy. Wärtsilä's Vasa Factory specializes in energy-generating and saving diesel engines and power plants, these are entirely the result of the company's own development programmes and innovations. Sales show that the world has recognized this.

Wärtsilä enamel conquering new territory. Wärtsilä Enamel makes more than just beautiful, durable kitchenware. Washbasins and other sanitary enamel products are now on the market. Again the result of good planning and design, the same thinking that goes into building famous ships.

You get all this - and more: Ship repairs, prefabricated pipe assemblies, pneumatically controlled valve systems for ships, hydraulics, construction cranes, watertight sliding doors, reinforcing steels, cold-worked steel products, steel castings, anchor chains, various laundry products, agricultural machines, house laundry washing machines, injection moulded and laminated plastic products, electrotechnical porcelain. Think about it.

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Key figures: Net sales US \$ 280 million; total income after taxes \$ 11 million; ordinary shareholders' funds US \$ 65 million; number of employees (worldwide) 10,500.

Corporation head office: HELSINKI, Finland Subsidiaries and joint ventures: AUSTRIA: (sch AG, Vienna) • BELGIUM: Kone Westinghouse Elevators Belgium S.A., Liège • MARK: Kone Elevator A/S, Copenhagen • FRANCE: Société Française des Ascenseurs Westinghouse, Paris • GERMANY FEDERAL REPUBLIC: Hävsmeyer & Sander KG, over • GREAT BRITAIN: Kone Lifts Ltd., London • MEXICO: Elevadores Norden, de C.V., Mexico • NORWAY: Kone A/S, Drammen • PHILIPPINES: Kone Machinery, Manila • SPAIN: Eguren-Kone S.A., Bilbao • SWEDEN: Kone Hissar AB, Stockholm, Kone Afdelning, Stockholm • VENEZUELA: Ascensores H+S-Kone C.A., Caracas. Rate sales offices: BRAZIL, Sao Paulo • EGYPT, Cairo • IRAN, Teheran • SINGAPORE S.R., Moscow

FINLAND IV

How do you choose your bank?



Is it by chance? Or by size? Or by service rendered?

Sometimes being very large may be a drawback. That goes for being very small, too. The happy medium also holds true in the banking world.

Finland has three nation-wide commercial banks. We're number three.

We are big enough to provide a full range of banking services and can offer you everything you may demand from your banker: individual attention - speedy handling of your orders - smooth cooperation - efficiency -

expertise in tricky cases - and an experienced staff ready to serve you at both our Head Office in Helsinki and our branch offices throughout the country.

That's why we're also known as the Service Bank.

Through our affiliated banks and our extensive network of correspondent banks, we also offer a complete range of international banking services.

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Bank of Helsinki

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Long-term hope and plans

THE LONG-TERM economic prospects of a small open economy such as Finland's are intimately bound up with those of other countries, particularly its major trading partners. It is forecast that economic growth in the industrialised countries of both the East and West, with which Finland conducts virtually all its trade, will slow down over the next 15 years. Moreover, the capital stock and the labour force—two important determinants of economic growth—are expected to grow more slowly than in the past, and it may prove to be increasingly difficult to raise productivity. Nonetheless, the application of a judicious and coherent long-term growth strategy might enable Finland to come close to maintaining its fairly rapid growth rate and to solving some of the persistent economic policy problems: chronic current account deficits, rapid inflation and large cyclical swings in economic activity and employment.

It is forecast that population growth will come to a halt in the late-1980s. Although the age structure of the population is so young that the labour force will continue to grow, working time is expected to decline, with the result that the total supply of labour in volume terms will not increase at all. Moreover, the anticipated slowdown in the shift of labour out of forestry and agriculture will mean that the supply of labour in the more rapidly expanding sectors will not be as ample as in the past, and if emigration rises to the levels experienced in the late-1960s and early-1970s, manpower resources should actually fall.

Finland's stock of fixed capital is estimated to be more than four times larger than GDP, with the stock of machinery and equipment making up about a quarter of the total. Since large cyclical fluctuations in economic activity lead to periods of low capacity utilization, one way to increase the supply of capital would be to implement more effective counter-cyclical policy or to increase the structural stability of the economy.

Projections

This is the picture which emerges from a combined forecast and policy programme prepared by Finland's Economic Planning Centre for the period 1976-90. Its projections are based on the assessment of the international economic environment, the availability of natural, human and capital resources and the needs and consumption patterns of the population.

Shortages of natural resources should not limit economic growth either in Finland or in the world as a whole over the next 15 years. Wood is Finland's principal natural resource, and although forestry resources are exploited quite effectively to-day, the extensive silvicultural programmes now being implemented should make it possible to increase the sustainable cut of wood up to 1980. However, wood processing is energy intensive, and there are few domestic sources of energy which have not already been tapped. Dependence on imported energy is

GROSS DOMESTIC PRODUCT 19

	Percentage share of current price GDP		
	1960	1975	1990
Agriculture and fishing	11.1	6.5	3
Forestry	8.7	5.4	3
Industry	29.0	33.9	39
Pulp and paper manufacturing	8.6	8.1	9
Metal manufacturing and mining	8.4	11.8	17
Other manufacturing	7.4	6.7	7
Electricity, gas, water and sanitary services	2.9	3.2	3
Construction	9.3	10.4	7
Transport and communication	7.4	6.7	7
Commerce	10.0	10.1	9
Banking and insurance	2.0	3.2	4
Public administration and defence	3.6	4.8	5
Ownership of dwellings	6.7	3.7	3
Education	4.1	5.2	6
Health services	2.4	3.9	4
Other services	5.7	6.2	5
Total production	100.0	100.0	100

Source: Economic Planning Centre, Helsinki

DEMAND IN THE ECONOMY 196

	Percentage share of current price GDP		
	1960	1975	1990
GDP at market prices	100.0	100.0	100
Imports	24.2	32.0	21
Total supply	124.2	132.0	121
Exports	23.5	25.4	31
Consumption	70.7	69.6	7
Private	58.1	51.1	4
Public	12.6	18.5	2
Gross fixed capital formation	27.3	30.3	21
Private	22.3	25.8	2
Public	5.0	4.5	
Changes in stocks and statistical discrepancy	2.7	6.7	
Total demand	124.2	132.0	12

Source: Economic Planning Centre, Helsinki

balance of payments deficit would disappear. This target is reasonable on the assumption that there are no investment projects which would earn the foreign exchange needed to repay the foreign loans and that there is no consensus that future consumption should be shifted into the present.

A reduction in the investment ratio need not lead to a substantial fall in the growth rate if the cuts are concentrated on housing, roads and other infrastructure, which do not contribute to economic growth as directly as do machinery and equipment. Since the infrastructure is quite extensive and relatively new, there would seem to be room for shifting emphasis away from this sort of investment, particularly as demographic and structural changes are slowing down. Moreover, since the ratio of investment in stocks to GDP is estimated to be about three times as large as in the other OECD countries, it might be possible to economise in this area, particularly if cyclical swings in economic activity can be reduced. The main question is whether entrepreneurs will pick up the slack if capacity utilisation and profitability remain low and demand prospects are weak.

Linked

It does not seem likely that the activities which are able when the target try expansion, with another m economic polic in the rate of i

It is important not only misallocation o also to prefer- iveness of exports. Finland risen half again in its main c

Shift

It is forecast that public and private consumption will both grow at an average annual rate of 4 per cent. in volume terms between 1976 and 1990. This will constitute a shift in the pattern of growth of the past 15 years, when public consumption expanded faster than private consumption. However, since the prices of the goods and services on which public funds are spent rise faster than those of private consumer goods, the share of public consumption in GDP can be expected to increase, and total public expenditure (including consumption, investment and income transfers) is forecast to rise from the present 39 per cent. of current price GDP to roughly 43 per cent. by 1990.

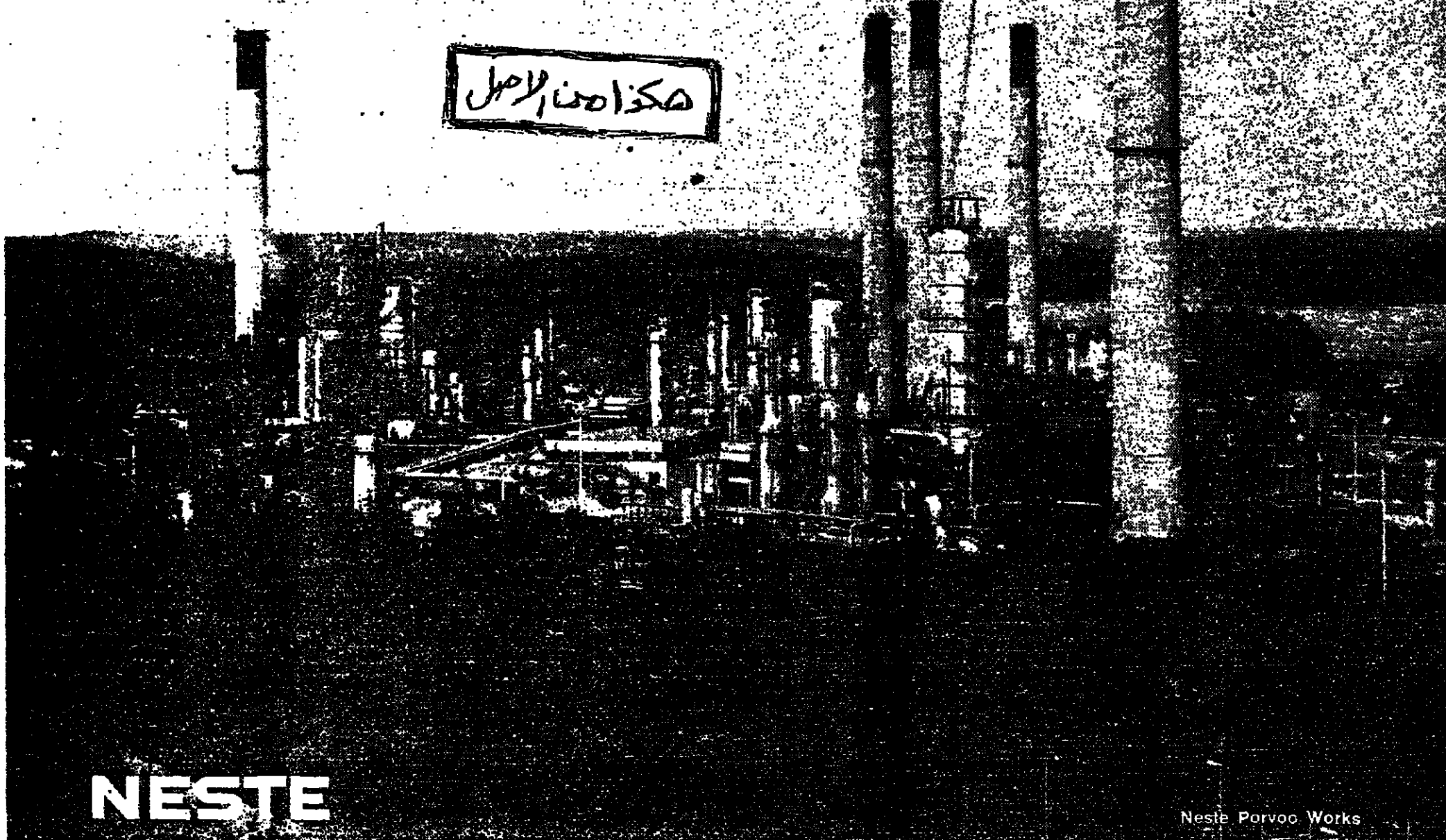
GDP is forecast to increase by 4 per cent. per annum over the next 15 years, and the evolution in the structure of the economy is expected to continue along past lines, though at a somewhat slower pace. This will mean a further decline in the importance of agriculture and forestry and a continuing expansion of industry and services. The diversification of exports away from forest-based products is also expected to continue. Agriculture and forestry accounted for about 14 per cent. of total labour input and about 13 per cent. of GDP in 1975. The corresponding figures forecast for 1990 are 8 and 6 per cent. Labour input can be expected to grow most rapidly in the service sector, while the expansion of value added will be fastest in industry.

T. R.

NESTE Finland's national oil company

- **REFINING:** Neste's output of oil products meets three quarters of the demand in Finland. Total annual refining capacity 15 million tons.
- **PETROCHEMICALS:** Neste produces ethylene, butadiene and propylene both for processing in Finland and for exports. A benzene unit is under construction.
- **NATURAL GAS:** Neste imports natural gas and distributes it through its own pipeline system.
- **SHIPPING:** Neste has a tanker fleet of eleven vessels, with one product carrier on order. Most of the vessels are designed for difficult winter conditions.
- **CONSTRUCTION AND ENGINEERING:** The planning and building of Neste's two refineries, ethylene plant, power plant, harbour facilities and raw & waste water systems have to a large extent been carried out by the Company's own Construction and Engineering Department.

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NESTE

Neste Porvoo Works



A Rauma-Repola Lokomo 925 harvesting timber.

Forest industry still in trouble

THE FINNISH pulp and paper makers are having to display a measure of their country's characteristic national doggedness. Experiencing their fourth year of recession and the third without profits, they are beginning to suspect that they hope of a firm market recovery this autumn may mislead, as did the expectations they had pinned to the market autumn.

They are anxiously eyeing the U.S. economy for signs that will provide the pull to carry the European market uphill and offer sufficient domestic demand to absorb some of the American pulp, paper and board products available in hope at prices which depress profit margins for Finnish firms.

It is possible to paint a very bleak picture of the state of the Finnish forest industry. A close look at the profit and loss accounts for 1976 reveals companies were able to show net earnings only by cutting back depreciation severely and by eating into reserves. Indebtedness has increased to an almost alarming level.

Recent capital structure analysis by the Central Association of Finnish Industries revealed that whereas in 1973, 68 per cent of the 164bn. capital was borrowed, 97.6 per cent of their 27.7bn. capital was in loans, an increase in the ratio of loan to capital from 2.09 to 3.21. Even more significant, in 1976 the industry had to borrow to meet its capital requirements—the absence of profits is making it increasingly difficult for the companies to raise new capital.

Capacity utilisation is still poor for most pulp and paper mills, averaging some 60 per cent last year, an increase of about 5 percentage points from the very low 1975 level. At this time last year the industry was aiming at returning 65 per cent utilisation by the end of 1976 before they started to load the heavy stocks built up in 1975. Now several mills have reversed strategy and are cutting down production in order to reduce stocks to a more normal level and obtain relief in stock financing.

The Finns' share of the European market has been declining in some products, although not quite to the extent anticipated by the Swedes. This weak position, which in turn reflects the decline in competitiveness, which in turn stems from the sharp cost increases in Finland and has been aggravated by the depreciation of the pound and the partial fall in export prices. Finland's share of pulp imports by the EEC countries, for instance, dropped from over 15 per cent in 1973 to around 10 per cent last year, according to the estimates of Mr. Risto and from Jaakko Pöyry, the consultants.

His dreary picture needs, however, to be put into perspective. The industry has invested heavily for years and it continues an up-to-date, sophisticated production apparatus which should come into its own as demand returns to normal. At the same time it has a very valuable renewable wood material and a wood resource inventory completed last year. It is expected that with proper silviculture, the better exploitation of millwood residues and use of stems, stumps, roots and branches for chipping, raw material would be available for

a measured expansion of the industry up to the end of the century.

The industry's cost structure is the main problem. Mr. Eklund has calculated that in the second quarter of 1976, to give a 20 per cent return on invested capital in a new bleached softwood sulphate mill with a capacity of 300,000 tonnes a year, a Finnish company would have needed a selling price of \$304 a ton compared with \$487 for a Swedish company and \$382 for a company in the southern U.S. The crucial factor is the wood price the Finnish company would have had to pay. It would have been 2 1/2 times that paid by the American.

But the cost structure is a national concern and it is scarcely credible that any Finnish Government can continue to sit with folded hands while its export industries' ability to compete is being undermined. Some economic stabilisation has been achieved and it is possible that with the help of the 5.7 per cent devaluation forced on Finland by the depreciation of the Swedish krona within the European currency "snake" in April the Finnish mills' cost situation will not deteriorate further this year.

Since the end of last year, after the anticipated autumn recovery had failed to materialise, the Finnish pulp and paper manufacturers have also been rationalising in a more determined way. This change of attitude has boosted unemployment but also indicated that companies had been overstaffed and could afford to prune without any loss in efficiency. Rationalisation coupled with a steady improvement in demand on the European market could return the mills to profit next year. The alternative would seem to be the more substantial devaluation of the Finnish mark, which the Bank of Finland has been resisting so strongly and which even the companies, burdened as they are with foreign loans, envisage as a last resort.

Revival

The forestry industry as a whole saw a revival last year from the exceptionally poor level reached in 1975, but the growth was modest and none of the main products returned to the peak outputs of 1973 or 1974. Overall production was up 8 per cent on 1975. The steepest recovery was in sawn goods, where output increased by 15.5 per cent and the export value by 43 per cent. In volume, however, exports were still only 73 per cent of the level reached in 1975.

The industry as a whole increased exports by 14.7 per cent in volume but only by 14.8 per cent in value, an indication of the pressure on prices. With an export income of Fmk10.5bn. the industry's share of total Finnish exports declined further to just under 43 per cent.

In pulp the picture continues to be one of under utilisation, a reluctant improvement in demand and a tendency for prices to slip. Total pulp output rose from 5.17m. tons in 1975 to 5.39m. tonnes last year, still far below the 6.68m. tonnes achieved in 1973. Exports grew by 15 per cent in volume but just under 1.1m. tonnes (compared with 1.66m. in 1973) but were only some 12 per cent higher in value.

The main problem is that the slow recovery in demand on the European market has been

accompanied by an increase in supplies from North America and a switch by consumers to cheaper raw materials such as recycled paper. The Finnish share of the European pulp market has slipped from 13.8 per cent in 1974 to 12.5 per cent during the first quarter of this year.

The mills have been running for half a year less than 70 per cent of capacity and will continue at that level until stocks have been reduced to a more normal 150,000 tons. Unsold pulp stocks at the beginning of the year were 470,000 tonnes and had been cut by about 20,000 tonnes by the end of May. During the first four months export deliveries levelled out at slightly below the average for 1976 but Finncell, the pulp mill's sales organisation, reckons on a 10 per cent increase eventually over last year.

It is banking once again on a recovery in the autumn, arguing that the U.S. mills are near full capacity and that if the U.S. economy continues on its modest upward trend, there will be some withdrawal of North American pulp from Europe, at the same time as the European economies revive. Perhaps even more important in Finnish eyes than this shift of tonnage could be the hope of a firming up in prices.

The Finnish pulp industry is just rounding off a period of heavy investment which will increase its capacity by some 400,000 tonnes in net extra fibre between 1974 and the beginning of next year. Metsä-Botnia is planning to start up its new 250,000-tonne mill next month. This investment phase has also included the modernising of six or seven major mills and a switch to bleached pulps for some 200,000 tonnes of output, an upgrading which could be especially interesting for British papermakers. Finncell's estimate of overseas pulp capacity in 1978 is 1.78m. tonnes, or 440,000 tonnes more than in 1974.

The Finns see this expansion as an answer to European papermakers' complaints that they are intent on processing more of their own pulp and the board mills' marketing will gradually cut back supplies to their overseas customers. Another significant event which has perhaps not attracted the attention it deserves, is the decision by the Brazilian company, Companhia Vale do Rio Doce (CVRD) to give Finncell's subsidiary, Pulp Sales Corporation, the exclusive sales rights for its pulp in Europe. CVRD has a 51 per cent share in the Cenibra mill due to start up this year with an annual production of 255,000 tonnes of bleached eucalyptus sulphate.

The upturn in orders for Finnish paper and paperboard in the spring of 1976 failed to carry through into the final months of the year. Total production grew by 13.9 per cent and export shipments were up by 18 per cent, but the industry was unable to make up for the 1975 collapse and capacity utilisation remained in the 72-74 per cent range. Except for newsprint and mechanical printing paper, prices fell, while all the companies' main cost items rose substantially. Thus, paper exports increased 11.4 per cent in volume but only 6.9 per cent in value, while the respective figures for paperboard were 38.9 and 28.5 per cent.

Paper sales during the first four months of this year declined to roughly the same level as during the first period of 1976 after experiencing a 23

per cent increase in the last four months of the year, when buyers did some stock-piling. January was exceptionally poor but shipments increased slowly. There was no capacity improvement during these first four months but Finncell hopes over the year as a whole to add a few points to the 74 per cent average last year.

Finncell's total deliveries of newsprint in 1976 amounted to 997,000 tonnes compared with a total capacity of some 1.4m. tonnes. This represented a 6.3 per cent increase over 1975 but was still 18.4 per cent lower than in 1974. The U.K., where the Finns obtained a 13 per cent price increase (calculated in pounds) at the beginning of this year compared with 6 per cent in other European countries, continued to be the biggest market, taking just under 35 per cent of all deliveries.

Retain

The Finns are unlikely to achieve any further price rise this year. Strategy is to retain their share of the European market during the next few years, when overcapacity in the newsprint production of the Nordic countries is likely to remain.

Sales of other Finnish printing and writing papers, which took a hard beating in 1975, recovered last year and companies have been running at higher utilisation without reaching full capacity. In the fine paper field, where the Finns started up two new 60,000-tonne machines in 1974, the Finnish mills share the lot of the other Nordic producers, faced with an overcapacity which is likely to last for years and will make it difficult to raise prices from their present very depressed level.

Total paperboard production was 1.35m. tonnes last year, an increase of some 300,000 tonnes over 1975. But the board mills were still able to average only 74 per cent capacity utilisation and the severe price competition on the European market, particularly in container boards, left them with no scope for profit. Finncell, more of their own pulp and the board mills' marketing organisation, budgeted for 82 per cent capacity utilisation this year but the continued sluggishness of the market during the first four months suggests that this target may be a couple of points too high.

One spark of light has appeared in the kraftliner field after an improvement in the domestic American price led to the announcement of a 17 per cent rise in export prices.

The Finns are particularly concerned about the price pressure from board products based on waste paper. Finncell has some 10 per cent of the European market and is, therefore, only a marginal supplier. The price lead in many grades comes from domestic producers whose main source of material is waste paper: in white-line chipboard, for instance, 70-90 per cent of the domestic output is based on recycled paper. Waste paper prices have fallen to a third or less of the 1974 level, while virgin fibre board prices have remained more or less stationary.

The Finnish board mills have cut back their demand estimates, foreseeing a rise of only 2-3 per cent a year in West European consumption up to 1985, and are resigned to the fact that the industry will not be able to run at full capacity this decade.

W.D.

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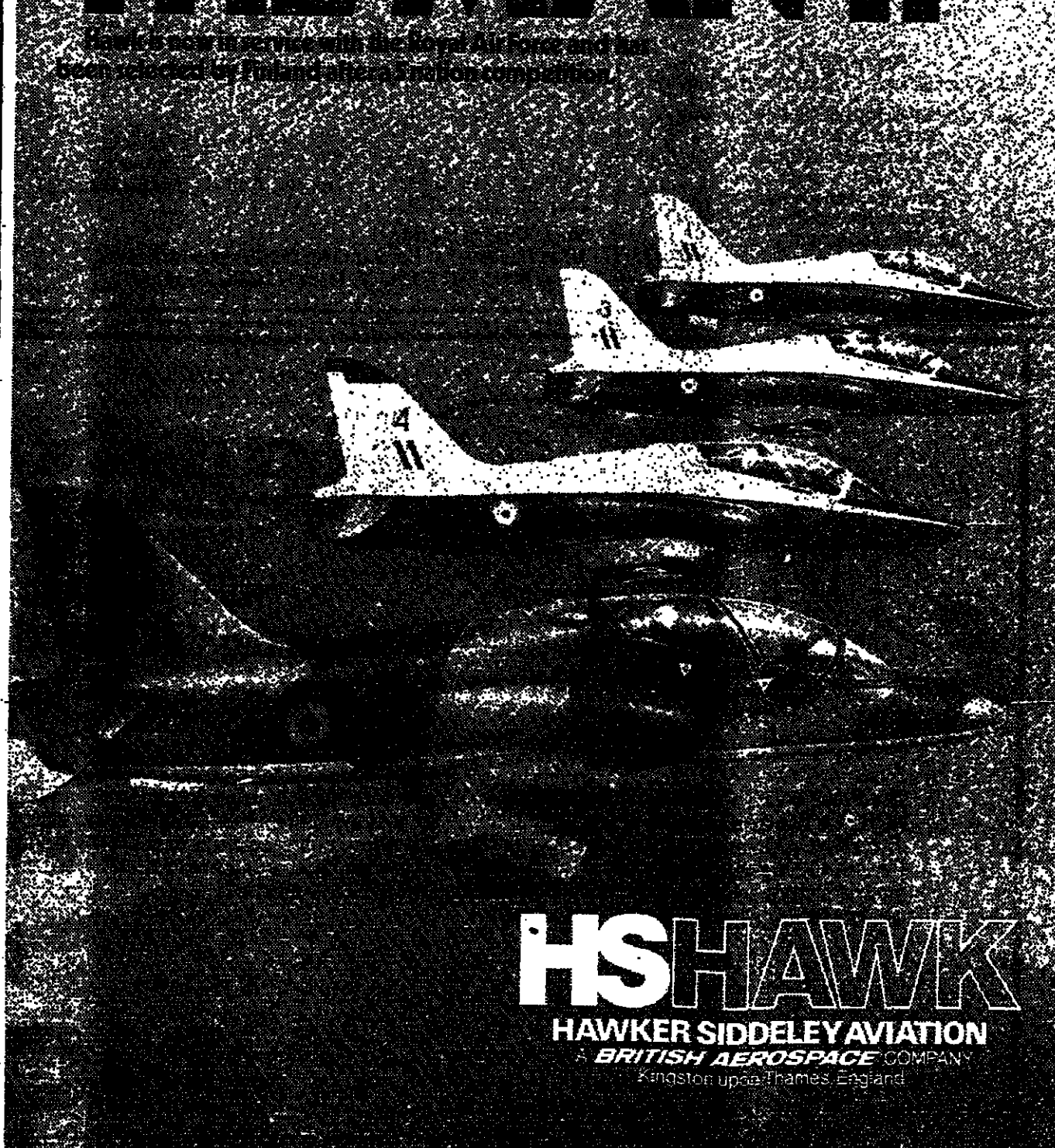
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FINLAND VI

Metal resources put to good use

FINLAND IS one of Europe's principal copper and nickel producers, and last year it possessed one of the few major steel works to operate at profit. Largely a post-war development, the Finnish mining and metallurgical industry has been shaped by tough domestic conditions. It has to work hard Cambrian rocks, find methods of operating small mines profitably in a high-cost economy and develop processing techniques to deal with a wide variety of ore contents. As a result, for a relatively small industry it now possesses a very high level of technical know-how, which is opening up possibilities abroad at a time when the relative paucity of domestic raw materials limits its further expansion at home.

The Finnish mining and metals scene is totally dominated by two State-controlled companies, Outokumpu in non-ferrous metals and Rautaruukki in iron and steel. Both are vertically integrated, spanning the whole range from bedrock research through mining and refining to metal production.

Rautaruukki has established one of Europe's most efficient steel-works, based largely on Soviet equipment, while Outokumpu has developed products and process, including its celebrated flash-smelting technique, which are marketed in more than 50 countries. Rautaruukki has just signed an agreement with its Soviet suppliers to tender jointly for projects in third countries.

The industry's domestic raw material base is not imposing. Last year 14 ore mines produced a total of 8.8m. tons. On the non-metallic minerals side some 4.3m. tons of limestone was produced, a slightly lower result than normal because of the contraction in cement output. The great bulk of the limestone is used domestically.

There is also some production of talc, quartz, feldspar and wollastonite.

The ore reserves are rather small. With the exception of chrome, where there are sufficient reserves for some 20-40 years' mining, at the present level, the known copper, zinc and nickel reserves would allow only 10-15 years' production. This situation is typical of Finnish mining, where prospecting stays only slightly ahead of production and in the past few years geologists have been able to find new ore bodies on time.

Nevertheless, Mr. Kauko Kaasila, Outokumpu's president, states unequivocally, "discovery of new ore deposits is a condition of our future existence."

On a national basis some Fmk.70m. (€10m.) a year is being spent on Geological and mineral research, with Outokumpu alone investing Fmk.25m. a year in exploration work.

Among newly discovered deposits the Finnish parliament has authorised a start to mining at Sillinjärvi, where there are substantial reserves — some 500m. tons of relatively poor apatite ore close to an existing metallurgical plant. Kemira, the company responsible, has not yet announced its decision but could have a mine in production within two years.

Another abundant apatite deposit has been found in Fin- nish Lapland at Sokli near the

Soviet border, where a pilot project is to be run for two or three years before any decision is taken to mine. Development here would entail the creation of a new township in an uninhabited area and the laying of long road and rail connections.

Trial drilling is still being done on a copper deposit at Pahlavuoma in Lapland, where a relatively high-grade ore has been found but where current copper prices are a deterrent to development. A decision on mining can be expected next year. Investigations into the Hahnukainen iron ore find close to the Rautaruukki mine are still going on. Exploration has concentrated on low-sulphur ores which could lend themselves to open-pit mining, but new indications of deep ores have now appeared.

Rautaruukki's raw material supply has, however, been largely assured by the agreement reached in May in Moscow for the continuation of the Kostamus project just across the border in the Soviet Union. When this starts up in 1982 Rautaruukki will obtain 1.2m. tons a year of the scheduled production for the first phase of just under 3m. tons of iron pellets, under a marketing agreement lasting until 1990. Kostamus is planned eventually to reach a total capacity of 8.3m. tons a year.

Copper, nickel and zinc are the chief Finnish metal products, but in terms of world market shares vanadium, cobalt and ferrochrome are all more important. In vanadium, for instance, Finland has been responsible for about 7 per cent. of total world output, and with the Mustavaara mine coming into full production it will have the capacity to meet some 10-15 per cent. of world demand. The modernisation and expansion of the Pori works, but with the prevailing low copper prices and poor earnings level the project is being delayed.

Although a renovation of the casting plants will be started this year, Outokumpu's president, Mr. Kaasila, aware of the need to increase profitability by getting economies of scale, has mooted the idea that the of zinc, of which 82 per cent. was exported, mainly to U.S., Britain and Sweden. They also produced 50,000 tons of zinc and 7,600 tons of nickel. But Outokumpu is now facing a long-term threat from the exhaustion of its raw materials. Metal production from the existing mines will decrease in the near future, as the ore grades decline, and the company will have to look increasingly to imported concentrates if it is to maintain capacity.

Outokumpu's metallurgical works produced 111,000 tons of zinc, of which 82 per cent. was exported, mainly to U.S., Britain and Sweden. They also produced 50,000 tons of zinc and 7,600 tons of nickel. But Outokumpu is now facing a long-term threat from the exhaustion of its raw materials. Metal production from the existing mines will decrease in the near future, as the ore grades decline, and the company will have to look increasingly to imported concentrates if it is to maintain capacity.

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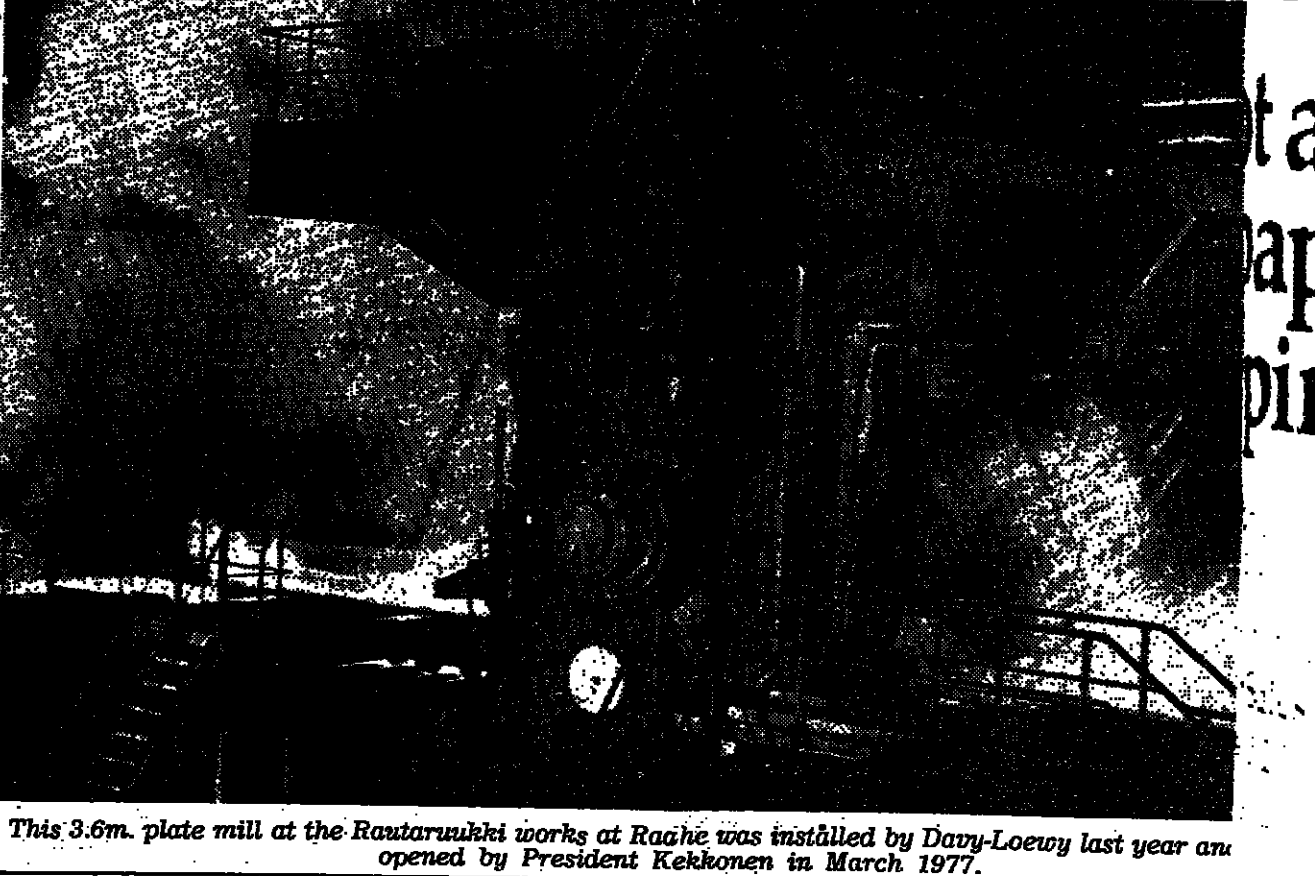
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Castings

Already about one-third of the raw material supply for the zinc smelters is domestic, and Outokumpu is importing concentrates from Greenland and Peru. This year some 60 per cent of the raw material for nickel production will be domestic, but the most promising of its raw materials. Metal production from the existing mines will decrease in the near future, as the ore grades decline, and the company will have to look increasingly to imported concentrates if it is to maintain capacity.

Blend

Rautaruukki, the iron and steel company, represents a successful blend of eastern and western technologies. Last year it was the only steel producer in Western Europe to operate at near full capacity, turning in pre-tax earnings of Fmk.11.5m. on a Fmk.948m. turnover. Prospects for this year are more uncertain after the completion of an expansion programme which will double



This 3.6m. plate mill at the Rautaruukki works at Raahé was installed by Davy-Loewy last year and opened by President Kekkonen in March 1977.

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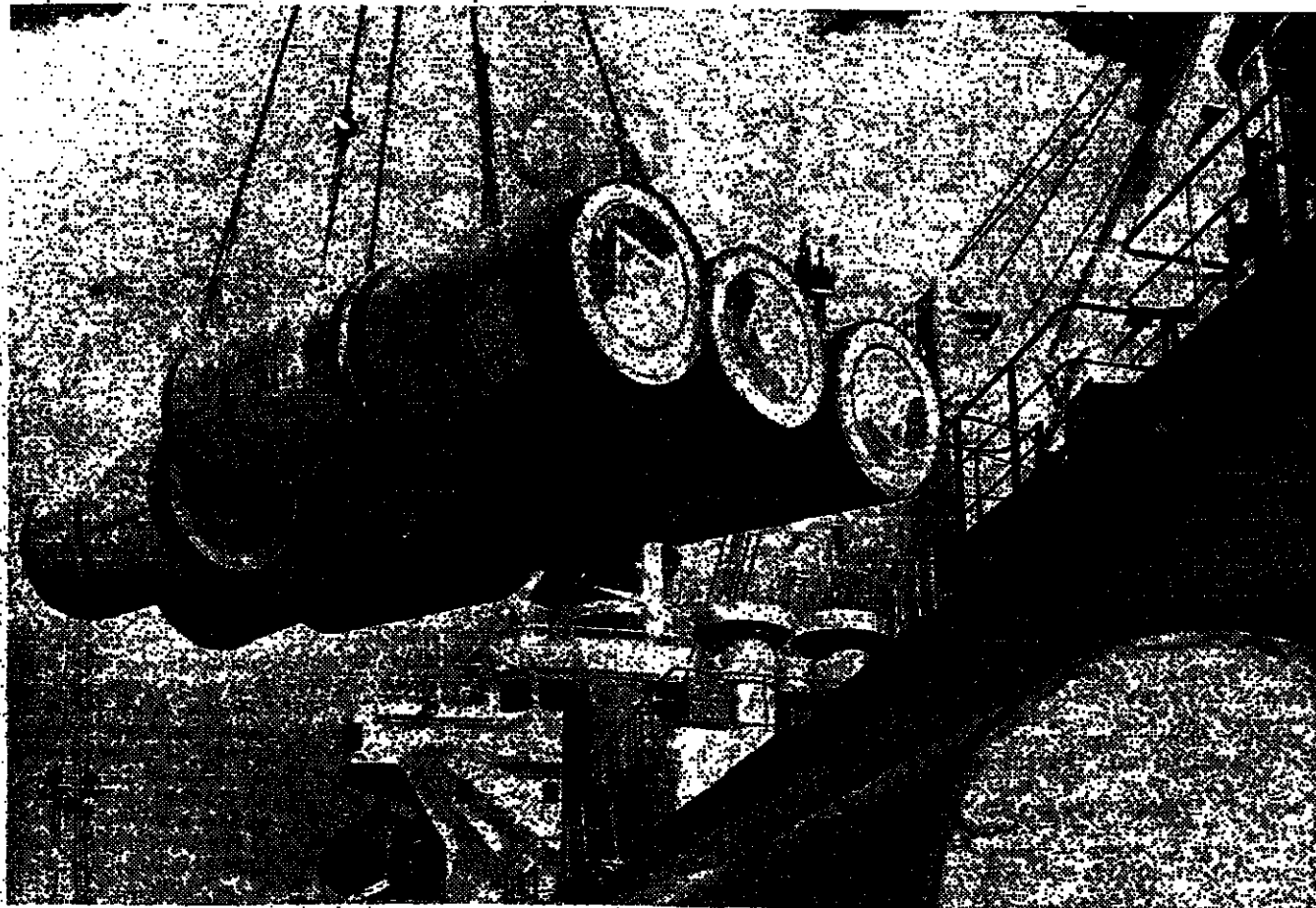
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Rolls of paper for export to the U.K. being loaded at Rauma harbour. The paper is from the Kaipola mills of United Paper Mills

Trade agreements hold promise

AND IS in the unique position of having free trade agreements with practically all European countries, both in and western. Its foreign trade is still predominantly Europe-oriented. In 1976, EC and EFTA accounted for 57 per cent. of its total exports and 82 per cent. of its imports. But its geo-political position and post-war historical developments have resulted in a build-up of its trade with the Comecon countries, predominantly the Soviet Union. In this direction, Finland has entered into a couple of agreements that are novel in the West.

In 1950 Finland acceded to GATT and in 1969 became a member of the OECD. Associate membership in EFTA (FINEFTA) came in 1961, and in October, 1973, Finland signed the agreement on free trade in industrial goods with the EEC that it had initiated the year before. A special agreement with the Soviet Union assures it the same tariff benefits as those accorded to the EFTA countries, and these benefits were safeguarded in the agreement with the Common Market. In 1973, Finland was the first Western country to sign a special agreement on economic and technical co-operation with

Comecon. This was followed by bilateral trade agreements, similar in principle to the EEC agreement, with Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary and Poland (the last is still to be ratified). There is no such agreement with Romania, which considers itself to be a developing country and thus does not recognise the principle of reciprocity. When the Six became the Nine, the Common Market took a clear lead in Finnish foreign trade, both for imports (36.5 per cent. in 1976) and exports (38.3 per cent.). According to the 1973 agreement with the EEC, tariffs on the main list of goods will be abolished finally on July 1 this year. But for certain goods on the "sensitive lists" of both parties to the agreement, the final removal of tariff barriers is not due until January 1, 1984. For Finland the most important products that will still attract tariff charges are paper and board. The EEC will continue to pay tariffs on a wide range of exports to Finland, including textiles, machinery, vehicles, etc.

FINEFTA to-day comes a year and a half after the Common Market, but it is still as important in Finland's foreign trade turnover as Comecon, in spite of the great leap forward of the Soviet Union since the oil crisis. Imports from EFTA accounted for about 20 per cent. of total Finnish imports in 1976, while the export ratio was 24 per cent. The last FINEFTA ministerial meeting in Vienna in May suggested that some preferential interim agreements might be negotiated with Spain and that a dialogue should be initiated with Comecon to explore the possibilities of developing EFTA-Comecon co-operation.

The Finnish agreement with Comecon and subsequent free trade agreement with five of the Comecon countries constituted something out of the ordinary for a GATT signatory. The move arose partly from the fact that Western competition in the East European market was stiffening. But partly, too, these agreements were a counterbalance to Finland's arrangement with the Common Market. The Soviet position was already safeguarded by treaty arrangements, but the smaller socialist countries saw themselves falling behind in the Finnish market. The material result is hard to evaluate, for the market shares of the five smaller countries vary so much. But in 1976 at least, there was a striking increase in Finnish exports to the German Democratic Republic and Hungary. Taking the Comecon share as a whole in the past three years, Finnish imports fell from 22.3 per cent. in 1974 to 21.5 per cent. in 1976, and on the export side the change was an increase from 16.1 to 23.3 per cent.

Statistics

In fact, however, the bare statistics are not really indicative. The Soviet Union should be placed in a group of its own, and ever statistics for trade with that country fluctuate considerably because many of the Finnish export items are long-term major deliveries and the trade is kept in rough balance over five-year and not annual periods. It is because this trade is bilateral and balanced that the Soviet Union has surged ahead of Sweden to become Finland's No. 1 trading partner.

L.K.

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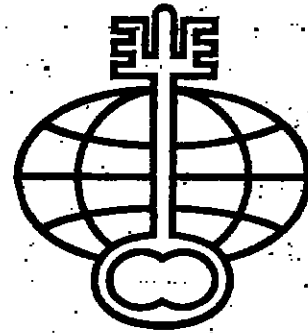
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Trade outposts in Britain

OVER THE past few years the number of Finnish import organisations in this country has increased sharply. The trend away from the old style of trade between the two countries has been fairly decisive, with U.K. agency houses giving way to Finnish import centres of one kind or another. These have sprung up dramatically since the turn of the decade, and as a result much of Finnish industry and commerce now has direct representation in Britain.

Changes in traditional patterns and styles of trade are invariably the result of economic pressure, and Finland has seen no exception in this respect—notably where paper and other forest products are concerned. These accounted for something like a quarter of the country's total exports to Britain last year. Despite steadily increasing competition from Scandinavian partners like Norway and Sweden as well as from Canada.

These pressures have been heightened by the world economic recession of the past three years and by the relative decline of the British newspaper industry. Of the 700,000 tons or so of paper product shipped into this country by Finland last year roughly half was in the form of newsprint. What with sluggish circulation figures for U.K. newspapers and the general tendency for the publishing houses to switch to smaller newspaper sizes, the Finnish newsprint producers have lately met with very weak demand.

A few simple statistics put the business background into sharp perspective. In 1974 Finnish exports of paper products to Britain totalled a record 740,000 tons; a year later his had fallen away to barely 60,000 tons. In 1977 the producers hope to maintain sales at around 700,000 tons.

Of course the paper products business is something of a special case: it traditionally sells its products in sterling so

the depression of sluggish demand has been deepened by the declines in the foreign exchange value of the pound, with the result that nearly all of Finland's paper companies are losing money on their trade with the U.K.

Not all of Finnish industry fares so badly. But the sharp lessons received by the paper industry in recent years have clearly washed over into other commercial fields. And as a result the battle for market shares in this country has been intensified right across the board. In the vanguard of this battle is the U.K.-based sales organisation, putting across ideas and after sales services as part of a sustained campaign to keep Finnish goods in the eye of the British consumer.

Such operations are expensive but worthwhile in the longer term—or so Finland's business minds have decided. The advantages of "on the ground" sales operations are straightforward enough. They concentrate their selling efforts on parent company (or trade association) products and they give the producer direct contact with his customer.

Selling

Such an organisation is Enso Marketing, part of the Finnish group Enso Gutsut. Enso is a comparatively old hand in the history of Anglo-Finnish sales organisations. It was formed in 1952 and is chiefly concerned with selling forest products to major customers like Reed International, Bowater, Metal Box and the Dickinson Robinson Group.

Enso has three separate trading arms in this country. The largest and most important is Finttransit, which is mostly a warehouse and distribution unit based in Felkistowe. The other two are Trading Enso: U.K. (a specialist in technical advice on business is something of a special case: it traditionally sells its products in sterling so

Edinburgh. The overall organisation is extensive, consisting of a staff of 81 in London alone. These spent most of their time improving customer services.

Technical co-operation is one of the prime duties of Lamco Paper Sales, a sales organisation in London representing the Finnish Paper Mills Association. Taking in subsidiary offices in Manchester, Bristol and Glasgow, Lamco—whose name derives from that of the original pre-war agency house, Less Angel, Murrant, Corke—is operated by a staff of around 70. Most of Lamco's backers sell their products on three to five-year contracts so Lamco's sales staff spend their time in keeping the wheels of continuity nicely oiled.

This requires Lamco to be well represented by a variety of specialist sales staff. A certain amount of quality control is an obvious priority, coupled with advice on how the customer can make the optimum use of not only his papermaking or printing machinery but also on the use of quality of inks and labour techniques.

Lamco's parent organisation, the Finnish Paper Mills Association (Finnpap), was founded in 1918 and is a marketing organisation operating on behalf of 18 Finnish companies and their combined muster of 27 paper mills. As prescribed in its statutes, Finnpap's primary purpose is to sell the paper produced by its members both on the home market and for export. It also helps to protect the interests of the Finnish paper industry.

In short, Finnpap, through subsidiaries, representatives and exporters, markets paper all over the world. The group's total deliveries in 1976 rose by around an eighth in volume and by roughly 8 per cent. in terms of cash value. Roughly four-fifths of total deliveries went to European markets, with the EEC's share rising fractionally from 60.4 per cent. in 1965 to 61.8 per cent. The utilisation of

Finnpap's member mills rose by a couple of points to 74 per cent. last year.

After Neste, the second largest company in Finland is the Rauma-Repola group which is represented in this country by Rauma-Repola U.K. The company, whose interests range from engineering and shipbuilding to forestry and mechanical and chemical wood processing, founded its U.K. operations in 1973—in order to "get closer to its major customers and its most important market."

Almost a tenth of Rauma-Repola's total sales are based in the U.K. Its U.K. operations consist of a major London subsidiary operating with 17 staff and a branch outlet in Hull. The company also finds its London connections useful in financing overseas trade as well as in forging links with those countries—notably the Middle East and the Commonwealth—which have traditional links with Britain.

The efforts of individual companies and trade organisations in building up their U.K. trading links are augmented by the way the Finnish government also endeavours to expand Anglo-Finnish trade. Since 1968 the Finnish Embassy in London has operated a commercial sales office which works in co-operation with the Finnish Foreign Trade Organisation. This latter operation is rather in the nature of the British Overseas Trade Board, and is owned jointly by the Finnish Government and private entities.

Jeffrey Brown



Finnjet, the new Finnlines passenger car ferry, is driven by gas turbine and can make the trip from Helsinki to North Germany in about 22 hours

Engineering

CONTINUED FROM PREVIOUS PAGE

project in Siberia, etc. Unfortunately, all these orders are due for delivery in the current year or in 1978. This applies also to the power generating machinery for Turkey. The engineering shops will be feeling difficulties by the end of the current year, even earlier than the shipbuilding branch. Four-fifths of the member firms of the Federation of Finnish Metal and Engineering Industries already have surplus capacity. In other words, for major deliveries at least, this sector is living on orders won some time ago.

A lack of propensity to invest

hits the engineering industry hard, and when it occurs simultaneously at home (about 80 per cent. of sales) and abroad, the impact is all the more serious. This is what has happened now.

Not only are pulp and paper makers worldwide reluctant to start major new expansion projects when there is so much surplus capacity and stocks are still swollen, but within the Finnish metal and engineering industry itself new investments 1.69bn. (20.5 per cent.) in 1976. The Finns expect this trend to continue. Not the least when the tariffs on most products of the sector are reduced to zero. This should help to

Revival

Finland now hopes for a revival in the EEC market. Exports of the metal and engineering sector to the Common Market countries increased from Fmks.1.19bn. (18.3 per cent. of the total) in 1975 to Fmks.1.69bn. (20.5 per cent.) in 1976. The Finns expect this trend to continue after July 1, 1977, when the tariffs on most products of the sector are reduced to zero. This should help to

offset slightly the faster rate of cost increases in Finland that has been a problem for the past few years.

To return to the balancing theory mentioned earlier, much depends on a return to "normal." If the global market for forest industry products shows some real growth, if the propensity to make new investments is then stimulated, the engineering industry can expect new orders, not only from foreign but also from Finnish manufacturers. As there is no sign of this yet, it seems as though the years 1979-80 may be difficult.

L.K.



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WestLB is empowered to issue its own bearer bonds and these, together with substantial deposits from corporations, institutional investors, Sparkassen and others, ensure wellbalanced sources of funds to allow a broad spectrum of credit business, ranging from the long-term financing of vast public and private projects to short-term bridging loans.

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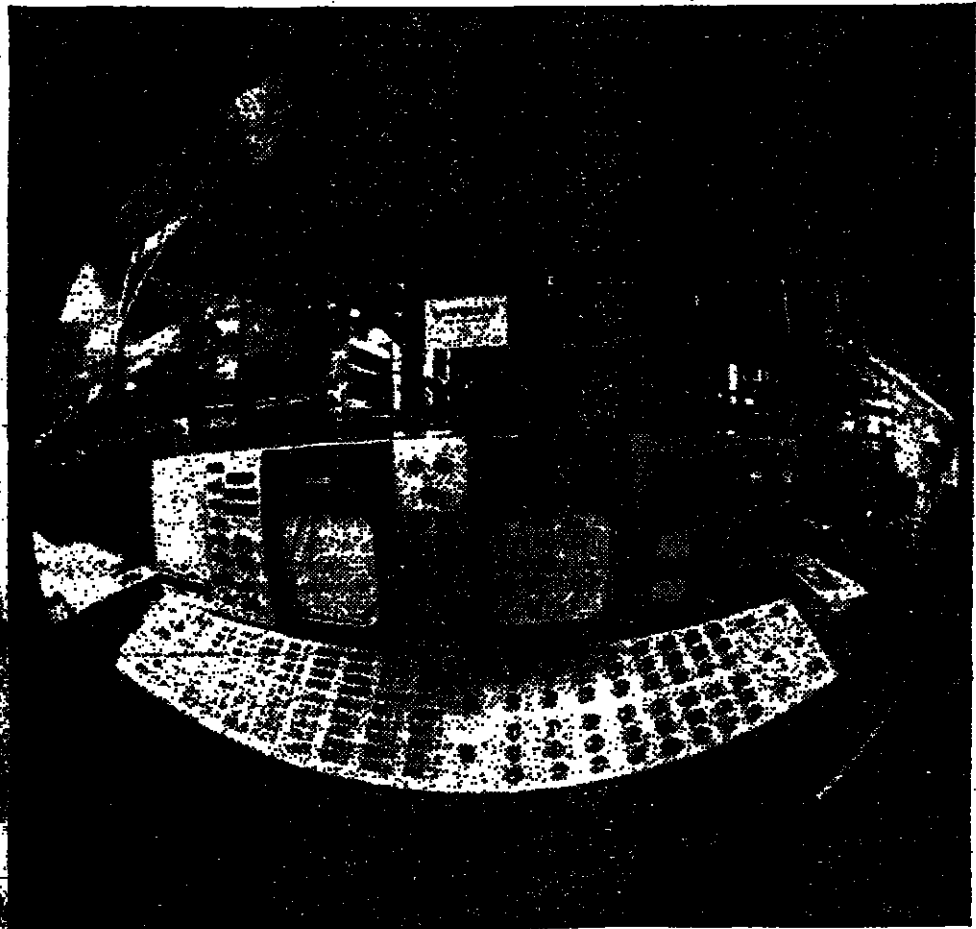
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Wages, prices and politics

THIS ARTICLE is devoted to what Mr. Healey calls the "real economy": indeed the most real part of it, which is the value of people's earnings. The Chancellor is right to contrast the real economy with prices and money, but wrong to suppose that he can influence the real economy by deals with the TUC, demand management, conditional tax concessions, accepting, or not accepting, Finance Bill Amendments and the rest of the Treasury's armoury of weapons.

If he wants yet another explanation why not, he should borrow one of the five copies of Friedman's Nobel Prize Lecture, *Inflation and Unemployment*, from which he will learn that at this stage it is quite uncertain even in which direction will be the real effect of a financial disaster: whether it will lead to more economic activity or less.

The real economy suffered no body blows in 1973-74 which have dominated events ever since. First, the terms of trade deteriorated by 25 per cent over the two years to 1974, due mainly to the oil price explosion and commodity booms. This had the effect of reducing the standard of living available from any given level of output by about 5 per cent. Even if we were starting from a position of payments balance which we were not. This was equivalent to the loss of two cars' normal growth.

This first influence is relatively uncontroversial. The second would be disputed by the British economic establishment in theory, but is accepted in practice. This is that at the end of 1973 the western economy

was in general, and the British in particular, was being run at quite unsustainable rates of employment and activity—which was bound to generate first an inflationary explosion and then a slump. Thus we had a double loss: output was worth less; and due to the need to get rid of "overheating" and restore a normal margin of slack, we also had a standstill in the growth of output. To be more accurate, there was a dip in the real GNP between 1973 and 1975, and then a modest recovery which still leaves the GNP slightly below previous peaks.

There is a third factor, which is not really a separate influence, but which has affected the timing of the adjustment to living standards. Throughout 1974 the effective sterling exchange rate hardly changed at all in spite of a much faster rate of inflation in Britain than in most other large industrial countries. Even in the first half of 1975, the drop in sterling was modest. The really large fall came in the 18 months or so between the second quarter of 1975 and the final quarter of 1976, with two particularly severe drops in the spring and autumn of 1976. Over the 18 months in question, the effective exchange rate fell by nearly 25 per cent, which was equivalent to a rise of 33 per cent in the cost of foreign currency.

For what it is worth, an exchange rate of \$1.85 was regarded as appropriate to maintain competitiveness at the end of 1976; and the main alarm was that it would fall even further, as it did for a temporary period in October. The present policy of defending the rate at just under \$1.72 is a compromise between those who wanted it to appreciate for anti-inflationary reasons and those who wanted it to fall further to preserve the competitive margins of, say, last November.

Like all compromises, it runs the risk of achieving the worst of all worlds. But even though the stricter believers in maintaining competitiveness would be happier if the first two digits of the rate were \$1.6... none of the Government's advisers would see either a prospect or a need for the rate to fall at anything like the speed at which it fell last year. The greater part of the oil balance has already left London; U.K. policies have been given IMF approval, sterling is further protected by the Basle arrangement and North Sea oil is now affecting the balance of payments in a big way for the first time. There was a little-noticed table in the June Bank of England Bulletin showing that oil production was expected to help the visible balance of current account by between £2.5bn. and £3.5bn. in 1977, compared with £1.6bn. in 1976.

The practical impact of the erratic movement of sterling is shown in the larger chart. In

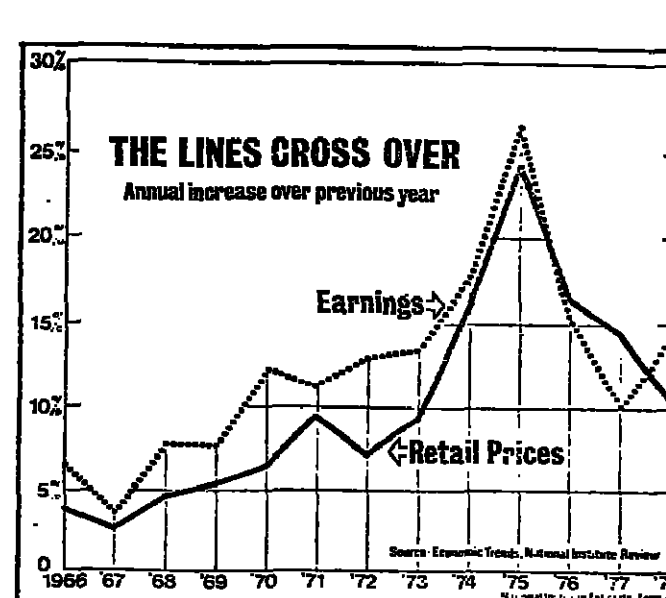
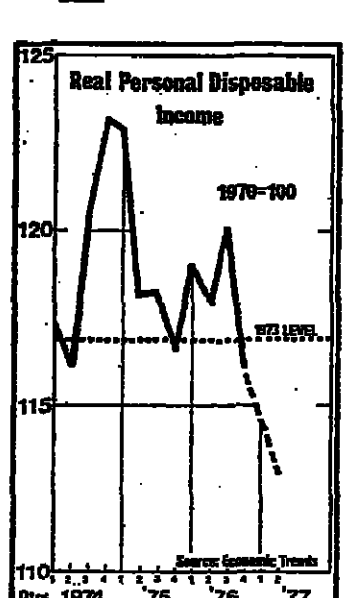
spite of the economic setbacks just discussed, earnings per head rose faster than prices in 1974 and 1975. It was only in 1976 that earnings began to fall behind prices.

Crude movements of wages and prices are only the roughest of guides to the movement of real personal disposable income. The latter also depends on the numbers at work, social security and other transfers and the tax burden and are shown in the smaller chart. It is unlikely to be a coincidence that the period between the first and second elections of 1974, when Labour increased its share of votes and seats, coincided with a temporary spurt of 5 per cent in real disposable income. Nor is it likely to be a coincidence that the plunge in Labour's standing to a point where the conventionally-minded take a Conservative victory for granted has occurred during a sharp squeeze of disposable income—about 5 per cent in the year since last summer, according to official estimates.

Any attempt to explain political popularity entirely, or mainly, in terms of personal living standards will not, however, work. It falls to ground mainly because of experience in 1973 and 1975 when real incomes were rising very sharply indeed according to the official statistics, but the Conservatives were trailing in the polls. Our foreign competitors it is these same two years which refute the Cambridge theory that wage settlements are inversely related to the rate at which the real incomes have been rising.

There is support, however, for the weaker hypothesis that the weaker parties cannot hope in normal

peace-time circumstances to win elections in the face of declining real income, and that a rise in at least a necessary condition for political success, if not a sufficient one. In any case, there is a near certainty that the wage line in the chart will now rise above the price one, and that the living standards, at least of those at work, will start to increase again.



The adjustment to the loss of overseas earning power, the abnormally fast fall in the exchange rate and the removal of excess demand have now been completed. Onshore output can start growing again at a normal rate. Even if trend and growth has been reduced from about 3 per cent to 2 per cent a year by the productivity-depressing policies of the past few years, there is about another 1 per cent a year to come from North Sea oil until the early 1980s.

Wages and prices, if taken together, are not nearly as dependent on Phase Three, or the next season's wage settlements, as popularity supposed. The Treasury still has a main forecast of 10 per cent increase in earnings, so as not to contradict the Chancellor too blatantly. But an alternative variant with 15 per cent, reflects the views of more seasoned observers. The National Institute projection used in the chart is of a 14 per cent rise in earnings in 1978, implying a lower figure this autumn and then some escalation.

The important point, however, is that earnings rise, as a rule, rather than fall in the couple of years the gap between the two has favoured prices, it is now earnings which will

benefit. The cross-over of the price and earnings lines is likely to occur towards the end of 1977 or early 1978. This is likely to be true within an extremely wide range of assumptions about the rise in nominal earnings, most of the way through the 10-25 per cent range. A study of the likely relation between wages and prices shows just why Mr. Callaghan is anxious to postpone an election for as long as possible. Indeed, he would be well advised not to go to the country until well into 1979. Political accidents and temptations are, however, likely to make for a somewhat earlier date.

The movement of money wages is important in the short run for its effect on output and employment rather than on income per head for those at work. The best recent analogy to the present is that of 1969-72, when devaluation was followed by a monetary squeeze and then a wage explosion. The result was the first inflationary recession which caused the Heath Government to rush to the monetary and fiscal pumps.

In the first of these years, 1969, post-tax income was under strain, because of the Jenkins tax measures; and this was the origin of the "real income frustration" theory of wage inflation. In each of the subsequent years, however, real income for those at work rose a good deal faster than prices on any measure, in spite of the growth in unemployment. Indeed "in spite of" should probably read "because." The upward drift of unemployment since the late 1960s reflects in part a rise in real—not just money—wages which priced people out of work. This has been recently reversed. The 1969-72, new National Income figures for the first quarter show a sharp rise in the share of profits relative to income from employment, which cannot all be explained away by special factors of the North Sea. In spite of the June increase in unemployment, the total is a good deal lower than the forecasts of half a year ago and vacancies are still much higher.

There are also reasons why the national income figures may underestimate real growth. Even so, in the whole half year up to end March, GDP was growing at 4 per cent per annum compared with the previous year according to the estimate based on output data—again indicating a recovery in activity. Union monopoly power may or may not frustrate this improvement, but surely the events of the past few days should have demonstrated that there is no magic wand called incomes policy to make the threat disappear.

Appropriate

When the fall occurred, the Chancellor was preventing severely that the pound was undervalued by misinformed people in the foreign exchange market. Yet when funds returned to London following the IMF and Basle agreements

Letters to the Editor

Current cost accounting

on the Director of Finance, IN.

Sir—Over recent months there have been several occasions on which my name has been mentioned in the Press as an insistent critic of the scope and content of the Morpeth Group's 18 proposals for a new system of inflation accounting which includes an escape clause. The supporters of the motion have made their point. Many of us made the point long ago that it is preferable to cure inflation rather than to account for it, but regrettably returned to the subject only to find that the proposals must demonstrate the responsibility and maturity expected of their Institute, and decisively reject the motion.

P. J. Custis,
P.O. Box 55, Smethwick,
Worley, West Midlands.

Senior citizen railcards

From Mrs. Margaret Clarke,
27 Woodville Road,
Bechill-on-Sea,
East Sussex.

Sir—A little bit of fair play does not come amiss, so may I put this point about the much publicised British Rail Senior Citizens Railcards to you?

To allow men and women with retirement pensions who may be well working, and deny them to women without, who may not be so hardy as all women aged 60 years are the official retirement age, and therefore by definition are Senior Citizens. I do not understand the thinking behind this: for more Senior Citizens Railcards will surely mean more contented passengers, and more revenue for British Rail.

Private housing progress

From the Director-General,
National House-Building Council.

Sir—Michael Cassell (June 16) paints a bleak picture of the construction industry, he says nothing of the big surge in the last three years, notably in private housing. For example, builders must now employ engineers if the ground is suspect, shale is banned, as is building too near trees without proper precautions. These measures, and others, are resulting in a better standard of design and construction for foundations of new private houses than ever before; this is necessary because the planners are zoning more bad ground than before.

The National House-Building Council took these initiatives without Government prompting, because it believes that free enterprise should be responsible and because it pays for the industry's mistakes. Private housing must be exempt from any charge that consumers have generally been left after builder bankruptcy, with nowhere to go. It is tangible evidence of this that over £10m. has already been paid out to buyers who had valid claims.

Other countries—the U.S., Canada and Australia—are now following our lead in private housing; this should perhaps be the way forward for other industries as well, rather than reliance on increasingly complex legislation and increasingly protracted law suits. Last month's House of Lords decision in Anns et al v Merton, to which Mr. Cassell obliquely refers, was about houses for which plans were submitted in 1962.

A. W. Tait,
53 Portland Place, W.1.

Postal costs for exporters

From The Chairman,
Mail Users' Association.

Sir—I am sure everyone will have been relieved to learn from the Post Office Director of Public Relations (June 18) that the largest tariff increase on overseas mail rates is only 68 per cent and not 100 per cent. However, most of his remarks are beside the point as far as the commercial user is concerned.

Over the past few years exporters have been badly affected by increases in overseas mail rates, particularly so by those on printed paper rates. This year these were raised by approximately 20 per cent. Last year increases ranged from 5 to 31 per cent. Before March, 1976, most of his remarks are beside the point as far as the commercial user is concerned.

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Holdings by nominees

From Mr. S. W. Penwill,
158, Finchchurch Street, E.C.3.

Sir—Mr. Allan (June 16) apparently is unaware of the underlying reason for Section 27 of the Companies Act 1976. It is not merely to satisfy curiosity. I cannot accept that a random sample selected statistically can guarantee to produce the information that the British Post Office has hand-selected possible nominees time is being diverted from selling into considering how sales should be distributed. What is needed is for the Government and the Post Office to devise the maximum encouragement to porters, and ensures that they are not placed under a disadvantage relative to their foreign competitors.

John Blackwell,
29, Sockville Street, W.1.

To-day's Events

GENERAL
Cabinet meets and is expected to consider proposals by Manpower Services Commission to counter teenage unemployment.
The Queen and Duke of Edinburgh pay Jubilee visits to Llandudno and Swansea.
Japanese delegation begins two-day talks in London on limitation of television exports to U.K.
PARLIAMENTARY BUSINESS
House of Commons: Debate on fisheries policy, including relevant EEC documents. Motion on EEC documents on monetary compensation.
House of Lords: Import of Live Fish (Scotland) Bill, third reading. National Land Fund Bill, second reading. Education Bill, second reading. Deer Bill, report stage. Debate on defence cuts.
OFFICIAL STATISTICS
Finished steel consumption and stock changes (first quarter final). Car and commercial vehicle production (May, final).
COMPANY RESULTS
Anderson Strathclyde (full year). Baker Perkins (Holdings) (full year). Berry Wiggins (full year). B. Elliott (full year). Northern Securities Trust (full year). Racial Electronics (full year). Sheepbridge Engineering (full year).
COMPANY MEETINGS
Anglo Swiss, West Drayton, 3.15. Vickers, Millbank Tower, 8.15.

Beralt Tin and Wolfram, 40, Holborn Viaduct, E.C.1. Black (A. and C.), 35, Bedford Row, W.C.2. 12.15. General Scottish Trust, Edinburgh, 11.30. Hay (Naarm), Exeter Hotel, Heathrow, 11. Kwik-Fit (Tyres and Exhausts), Great Eastern Hotel, E.C.11. Lead Industries, 74, Gresham Street, E.C.2. Malison (Wm.) and Denny Aclor, 130, Hockney Road, E.12. Moss Bros, 20-21, King Street, W.C.12. Mothercare, Winchester House, E.C.11. Nincom, 12, Hatfield Place, S.W.1. R. Waterhouse, 3.15. S.W.1. Pickles (W. W.), Manchester, 12.20. Pork Farms, Troon Bridge, 12.20. Sphère Investment Trust, Winchester House, E.C.11. Turiff, Warwick, 2.0. Turiff, Warwick, 2.0. (Northern Ireland) Bill, second

Rating empty properties

From the Director,
The House-Builders Federation.

Sir—I have read with interest Quentin Guiridham's feature to-day (June 17) about the rating of empty properties since this is a matter which has long been of concern to the members of this Federation.

Thus it is now almost three years since we first drew the attention of the Minister for Housing to the considerable burden being imposed on many house-builders as a result of this policy, and at that time it appeared that the Department of the Environment was very sympathetic to the case which we made. Nevertheless, hopes of early action being taken to alleviate the situation disappeared as it became clear that the Government was reluctant to limit a possible source of local authority revenue at a time when the growth of the rate support grant was being sharply cut back, while the pressure on local authority finances during the past few years has meant that an ever-increasing number of authorities have started to use their discretionary powers to levy rates in this way.

Yet, as Mr. Guiridham has rightly pointed out, the 1974 Local Government Act which gave the authorities the power to raise 100 per cent rates on empty properties was, singularly, ill-timed, and the absurdity of imposing this additional burden on residential developers at that time is shown by the fact that since the beginning of 1974 house-building costs have risen by 70 per cent, while new house prices have increased by only 25 per cent. Nor can it be argued that the imposition of such charges is in any way equitable since the additional costs created by the existence of these houses—by, for example, the additional work they might create for the police and the fire services—are trivial when compared with the amount demanded in rates. Indeed, the ludicrous nature of the present arrangements is such that, because of the operation of the domestic element of the rate support grant, the rate being paid by some builders on their empty houses are even higher than those paid by families living in identical properties who may be making very heavy demands on the education and other local government services.

In the light of these considerations the need for a review of the existing rating provisions is clearly long overdue, and our Federation will certainly be urging the Department yet again of the case against them in the representation which we shall be submitting on the recent Green Paper on Local Government Finance.

Ian Deslandes,
82, New Cavendish Street, W.1.

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From The Chairman,
Mail Users' Association.

Sir—I am sure everyone will have been relieved to learn from the Post Office Director of Public Relations (June 18) that the largest tariff increase on overseas mail rates is only 68 per cent and not 100 per cent. However, most of his remarks are beside the point as far as the commercial user is concerned.

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The role of the institutions

From the General Secretary,
The Institution of Chemical Engineers.

Sir, One service which the Financial Times provides which I am sure its readers must be the in-depth surveys published with the paper. Two excellent examples of these have appeared in the past week, dealing with engineering institutions and the "British Engineering" and the second June 20 on the "Chemical Industry." These two areas of British industry represent perhaps the two extremes in relation to the relative performance of the industrial sectors within the U.K.

Taking a simplistic view, the chemical industry has remained buoyant over the years and faces a bright future, while the engineering industry has suffered a decline over the years and stands to-day at a crossroads of challenge. The point of my letter is to deal with only one element of the problem relating particularly to the treatment given to the two topics in the FT surveys.

One major section of your survey "British Engineering" deals with the role of engineering institutions. This subject is indeed topical, as we read in the Press of a possible Government-sponsored survey into the professions and their organisation. Indeed your own article is, in several aspects, critical about the role of the Chartered Institutions.

In your later survey on the "Chemical Industry," no parallel section appears, and yet if the engineering institutions are to be criticised for the relatively disappointing performance of the "engineering industry," then clearly one would expect acknowledgment of the major help the scientific and engineering institutions have given to the chemical industry. I would particularly cite the role of the Institution of Chemical Engineers in the carrying out of both its traditional and new roles; indeed, it has become the centre of attention in such areas as health and safety and the environment, the energy resources, and materials, and energy management, and other challenges of a modern technological world.

If Government is to have an inquiry into the engineering profession, then one hopes that

What banks could do

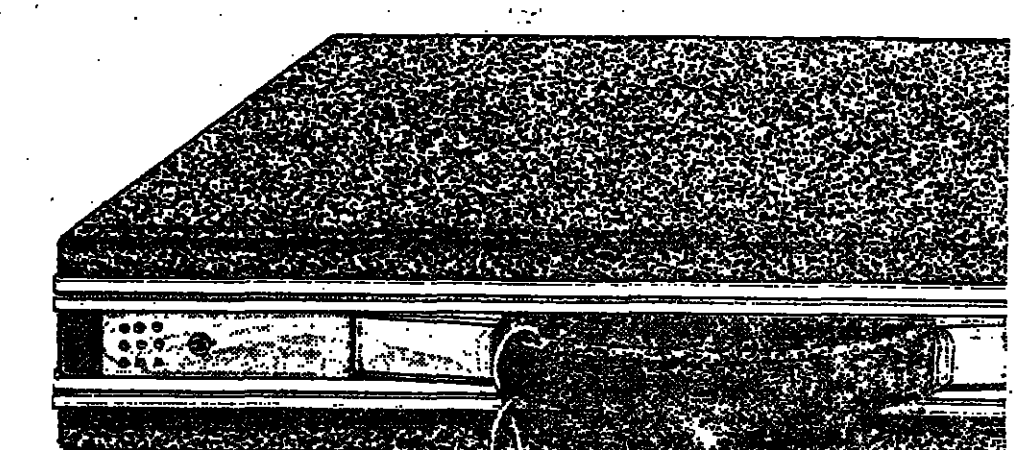
From Mr. H. Morgan,
47, Curzon Street, W.1.

Sir—Judging from their advertisements, the big banks have combined on a course of self-examination.

Here are ways in which banks can assist me, a small business man: (1) guarantee payment of all cheques issued by any of their customers, to the present bank card limit; (2) increase the limit to, say, £50 to cover the diminished purchasing power of the £ since the bank card scheme was introduced; (3) disclose to aggrieved traders—or their solicitors—the addresses of defaulting customers who, fitting from address to address, thereby block court recovery proceedings. As things are, the banks divide their customers into sheep and goats. To some they say: "We think you're a good boy, so we'll back you to the extent of £30. Here is a bank card." To the others they say: "Well, we don't think you can guarantee you in time for your cheque, here is a book with 30 blank cheques. Go and enjoy yourself." As for unwillingness to disclose addresses, the banks more often than not protect fraudulent customers.

If banks were compelled to honour their customers' cheques within the limit suggested they would be much more successful in granting banking facilities, and traders—the small retail traders particularly—would be relieved of an enormous headache.

H. John Morgan,
47, Curzon Street, W.1.



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COMPANY NEWS + COMMENT

M.K. Electric soars to record £6m.

TAXABLE PROFIT of M.K. Electric Holdings soared by £3.5m. to £6.0m. in the year to April 2, 1977—more than double the previous record figure of £2.5m. achieved in 1972-73. Sales were ahead from £23.5m. to £31.5m.

At half-year, when profit was £3.0m. against £2.1m., the directors were cautiously optimistic. On a current cost basis, the full-time figure is reduced to £4.1m. (£4.1m.).

Stated earnings per 35p share were better at 23.78p (8.72p) and a net final dividend of 2.85p lifts the total to 5.19p (4.72p).

After spending £2.1m. on plant and other fixed assets during the year and cash balance at year end stood at £1.82m. (£1.4m.).

HIGHLIGHTS

Profits at Tesco are 23 per cent. higher but there was a slow growth in sales, while for the current year there will be an extra 400,000 square feet of sales space, while the price cutting has so far proved successful. Figures from Ferranti are satisfactory with a good improvement in the U.K. operations. Lex also discusses the implication for the gilt market, following the exhaustion of the Variable Rate bond. Profits little changed at Lankro clearly upset the market, particularly as the current year will fall to match 1976 levels. In contrast, M.K. Electric had plenty to spare over market estimates with benefits still coming from the recent tightening-up operation. Tunnel Holdings suffered in the last three months from the poor weather with deliveries well down on the comparable period. Brown and Tawse also suffered a slowdown in the second half, but this was anticipated given the slump in steel stockholding.

Brown & Tawse tops £3m.

GROUP SALES of Brown and Tawse rose by £10.5m. to £38.1m. during the year to March 31, 1977, and pre-tax profit was a record £3.6m., compared with £2.2m. in 1976.

At half-year profit was up from £1.5m. to £1.8m. The company operates as steel and tube stockholder and engineer, and is a major contractor in the U.K. and abroad.

On increased capital earnings per 25p share for the year are shown to be up from 13.4p to 15.7p—50 per cent. increase. The dividend is 4.5p net (2.15p) with a final of 3.25p. Treasury has consented to the increase.



Mr. David Robertson, chairman of M.K. Electric.

Lankro maintains £1.9m.

Despite pressure on industrial chemical margins, a very poor season for herbicides and high rates of interest, Lankro Chemicals Group maintained pre-tax profit at £1.9m. against £1.9m. for the year to February 28, 1977. Sales were ahead from £42.35m. to £53.47m.

At half-year, when profit was £0.95m. (£0.95m.), the directors said that performance in line with previous year was still planned.

The first half of the current year is being adversely affected by very low phenoxo herbicide prices which must be expected to persist until the autumn, and even a modest improvement in demand occur before the middle of the year he would be reasonably optimistic of a satisfactory final result.

Now, Mr. Westwood says trading for the steel division was particularly difficult during January and February. However, March saw an improvement which has been sustained. Provided this improvement continues, the steel division should produce better profits in the second half.

The spring division has maintained its satisfactory performance and Mr. Westwood sees no reason why this encouraging trend should not be continued.

division was set fair for a satisfactory year but the steel division was finding difficulty in maintaining margins. Nevertheless, should even a modest improvement in demand occur before the middle of the year he would be reasonably optimistic of a satisfactory final result.

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The Financial Times Thursday June 23

DIVIDENDS ANNOUNCE

Company	Current payment	Date of payment	Corresponding div.
Anglia TV	1.87	—	1.85
Bond St. Fabrics	0.73	Sept. 28	0.73
John Booth	1.76	—	1.6
Arrol-Johnston	2.24	Aug. 11	1.82
Continental Stations	1.62	July 19	1.41
Durapipe	2.79	Aug. 3	2.54
Ferranti	3.9	—	Nil
Irish Distillers	1.11	—	0.73
Lankro Chemicals	2.68	July 28	2.4
Arrol-Johnston	2.24	Aug. 11	1.82
F. H. Lloyd	3.3	—	4.99
Low and Brydone	2.6	Oct. 4	Nil
M. K. Electric	2.85	July 29	3.22
Purbeck Group	3.46	July 4	1.73
Scottish Am. Invest. Inv.	0.81	July 20	0.6
Tesco Stores	0.53	July 30	0.73
Tunnel Holdings	0.4	Aug. 3	1.25
Thornel Holdings	6.78	Aug. 1	6.15
Unl. Spring and Steel Int.	0.81	—	0.42

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issues.
† Increased by rights and/or acquisition issues. ‡ Increase disparity with final.

Tunnel downturn in second half

AFTER RISING from £2.1m. to per cent. below last £2.98m. in the first half, pre-tax profits of cement manufacturers move ahead in 1977. Tunnel Holdings finished the year at £2.98m. compared with £2.7m. on June 9, the fuel age held by its company turnover was up from £2.33m. to have ended, ca. £2.98m. including £1.4m. has improved now (£2.98m.) from associated companies.

Earnings are shown to be ahead of 27.7p to 28.5p per 50p share and the dividend is lifted from 8.882p to 9.75p net with a final of 6.75p.

Despite lower sales, Tunnel Holdings has a financial year running up to the end of March. Those three months were among the most miserable that the sector has ever seen through with bad weather helping to force deliveries 15 per cent. below the equivalent period in 1976. Tunnel's trading profits, after being up in the first six months, fell 36 per cent. in the other parts of the order book at present. Demand is still poor—deliveries after the group is set at 9 per cent. or 10 add.

Anglia TV up to £1.3m. so far

AFTER EXCHEQUER levy up from £10,000 to £1,250,000, pre-tax profits of Anglia Television Group advanced from £940,000 to £1,297,000 for the half year to April 30, 1977. Turnover was ahead from £5.5m. to £7.04m.

The directors say results have been satisfactory and prospects for the rest of the year are encouraging. However, the Exchequer levy and corporation tax will absorb 84 per cent. of any increased profit of the television subsidiary.

Earnings are shown at 6.89p (4.98p) per 35p share and the interim dividend is effectively raised from 1.681815p to 1.57323p net. Last year's total was equal to 3.78315p paid from pre-tax profits of £3.41m.

A. Lee tops £1m. in first half

MANUFACTURERS of steel bars, strip, wire and wire rope, Arthur Lee and Sons reports a turnaround from a loss of £300,000 to pre-tax profits of £1,025,000 for the half year to March 31, 1977. After a recovery in the second half full year 1976-77 profits reached £1,998,000.

First half earnings are shown at 1.41p (less 0.72p) per 12 1/2p share and the interim dividend is lifted from 0.35p to 0.4p net. Last year's total was 1.35p paid from stated earnings of 2.43p.

Trading conditions in certain products weaker than those at the start of the year, says the directors, but outputs are still materially above those during the worst of the recession.

Will probably hold true this time despite a 15 per cent. rate increase for the last six weeks of the year.

Profits from overseas sales are evidently unlikely to be very different from the £0.4m. of 1976-77, so the full-year could produce a pre-tax figure in the area of £2.8m. to £2.9m. This estimate is probably below earlier market projections, but, even so, a prospective p/e of 4 is hardly demanding, and there is a 10 per cent. yield and cash element in the balance sheet—worth 34p a share in the last accounts to back up the rating.

TOOTAL STILL DOING WELL

At the AGM at Tootal, Sir George Kenyon, the chairman, confirmed that trading is still going well and the group is on target for improved profits in the current year.

When half-yearly figures are issued at the end of September of 30 per cent.—but the cream to he will give a more detailed outline of the group's performance for the whole year.

The world trading situation is not stable enough to make a long-term prediction possible at this stage, he told members.

comment

Anglia TV's 36 per cent. rise in pre-tax profits to £1.3m. has fallen short of some market estimates, which ranged up to £1.5m. Still, the shares held on to the 1p rise achieved ahead of the announcement and closed at 65p. Advertising revenue was buoyant—Anglia's experience was more of less in line with the industry rise of 30 per cent.—but the cream to he will give a more detailed outline of the group's performance for the whole year.

comment

Trading conditions in certain products weaker than those at the start of the year, says the directors, but outputs are still materially above those during the worst of the recession.

Bishop's Stores sees record

ALTHOUGH THERE are indications of further progress at Bishop's Stores in the current period, Mr. John Braddick, chairman, says it is unlikely that the group will exceed the internal forecasts to the extent achieved in the year 1976-77.

He tells members in his annual review that consumer spending seems slow in recovering from recession—however, another record year is expected.

As known, pre-tax profit for the year ended February 28, 1977, rose from £1.25m. to £2.11m. in sales ahead from £78.4m. to £100.61m. The proposed dividend total is 2.3188p (2.1062p)—if ACT is reduced a further payment will be made.

The chairman says that the company is close to its low and antiquated reference levels imposed upon it in 1974, but that the company is restricted because expansion has financed without the issue of shares, he adds.

For the moment the directors intend to continue their present policy "rather than make change merely to circumvent shortsighted legislation."

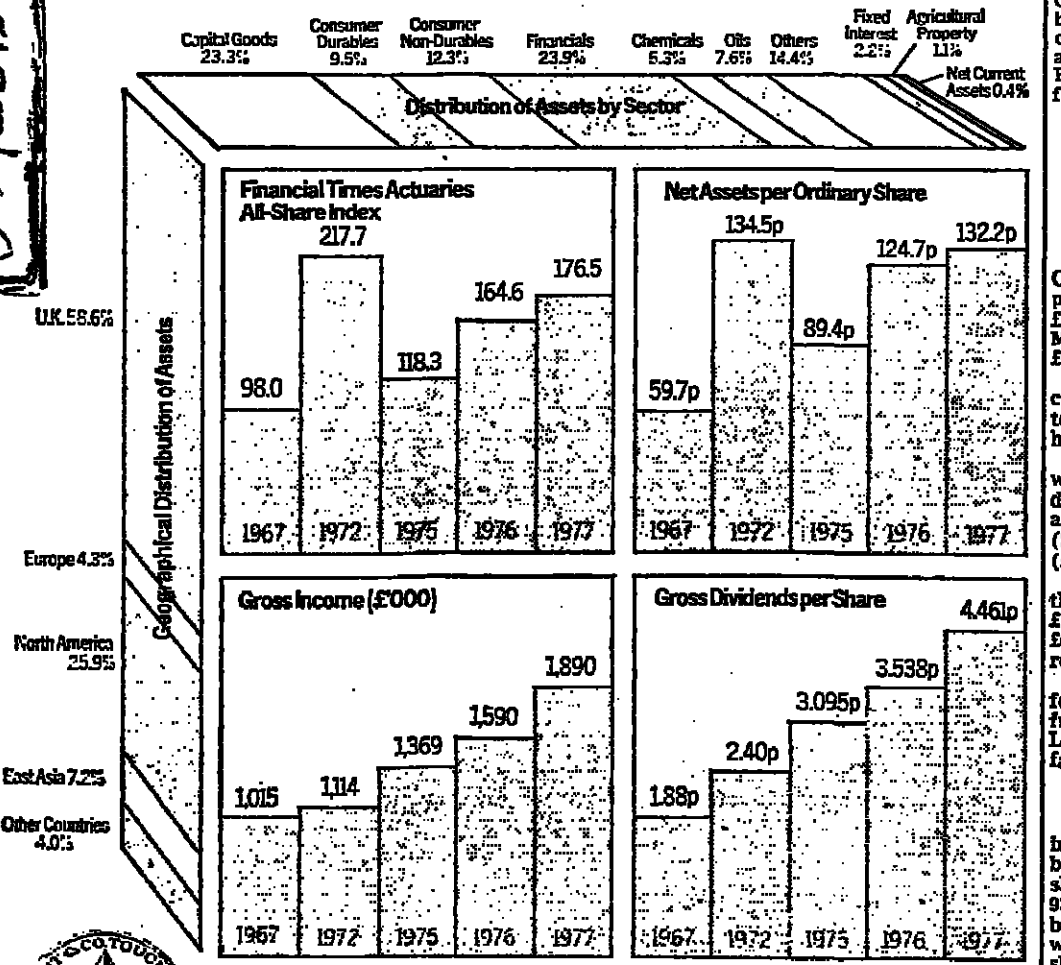
At May 21 Gateway Securities held 11.7 per cent. of the Ordinary, Bishop's Stores Group Trustees Company 9.48 per cent. and Mr. J. W. Gibson and Mr. S. Gray as trustees of a settlement by Mr. E. R. Harvey 5.78 per cent.; in addition Mr. T. H. Harvey and family together with Mr. N. Harvey have an interest in a further 0.8 per cent. of the shares. Meeting, Ruislip, July 13, 3 p.m.

comment

While 1976 saw a big recovery in the fortunes of the world's major Lankro found the going tough. Pre-tax profits stagnated and, although sales have risen by a third since 1974, profits are still £1m. lower. In 1976-77, extremely competitive conditions in the surfactants division were the big problem. This year it was the agrochemical division where the principal production difficulties suffered from low prices and poor demand. In the U.K. sales volume fell by nearly a quarter although this is partly offset by the principal exports. Prices of phenoxo herbicides were 20 per cent. down in the second half of the year. World stock levels of herbicides have fallen back to more normal levels and with luck prices will start to recover when the autumn buying season gets under way. Elsewhere, Lankro's important Urethane business increased its sales volume by a fifth, with prices up 15 per cent. in the second half. Material prices put margins under pressure. Lankro is not very optimistic about the current year and says profits are unlikely to exceed those of last year which were 1.5p, paid on a pre-tax profit of £33,000.

Sphere Investment Trust Limited.

Total Assets at 31st March, 1977: £43.5 million.



A member of the Touche, Remnant Management Group.
Total funds under Group management exceed £600 million.
Copies of the Report and Accounts can be obtained from the Sphere Investment Trust Limited, Winchester House, 77 London Wall, London EC2N 1BE.



Mallinson-Denn Group of Companies

Acknowledged as one of the world's leading merchants in timber and the manufacture of wood based products, we celebrated 100 years in business with record results—

	1976 £000	PER INC IN
Sales	166,139	+ 2
Profit before tax	9,267	+ 7
Profit after tax	4,094	+ 8
Retained Profit	3,162	+ 9
Earnings per share	8.82p	+ 5

'AN ENCOURAGING START HAS BEEN MADE IN 1977'

Copies of the full report and accounts are available from the Secretary, WILLIAM MALLINSON & DENNY MOTT LIMITED, 130 Hackney Road, London E2 7QR.

ANNOUNCEMENT OF INTEREST RATE CHANGES

From 1st July 1977, the following reduced rates of interest will apply:

SUBSCRIPTION SHARES (Regular monthly savings account)	7.95%	basic rate inc. tax paid by Soci
PAID-UP SHARES	6.70%	basic rate inc. tax paid by Soc
DEPOSIT ACCOUNTS	6.45%	basic rate inc. tax paid by Soc

Other special Deposit Accounts reduced by 1/2%.

The rate of interest charged to existing borrowers for our occupation will be reduced by 3/4% (or the appropriate net equivalent in the case of option mortgages) from 1st July 1

The Leeds PERMANENT BUILDING SOCIETY
Head Office: Permanent House, The Headrow, Leeds LS1 1NS.

ahead by £30.
WOLF CU
mans T
Yet another record Turnover by 45% Profit u

BIDS AND DEALS

Battle looms for Dolan as Canadian group steps in

A TAKE-OVER battle could be looming for Dolan Packaging. Last week the Dolan Board agreed a £14.5m cash bid at 188p a share with ASSI of Sweden but yesterday major shareholder Canadian Overseas Packaging Industries revealed that it had lifted its stake from 5.4 per cent to 9.2 per cent.

HARTLEY BAIRD DISPOSAL

Hartley Baird has disposed of Hartley Installations a wholly owned subsidiary for £5,000 cash. Draft accounts to April 30, 1977, show net assets attributable to Hartley Installations at £5,083 less the cost for year to April 30, 1976, was £20,122 and draft accounts for the year show estimated losses of some £40,000 attributable to the subsidiary.

JOHN SHANNON

Acceptance of the offer by W. A. Gould (Holdings) for John Shannon and Son not already held have been received in respect of 705,550 shares (98.9 per cent for which offer made).

WOLVERHAMPTON DIE FORECASTS PROFIT SLUMP

Wolverhampton Die Casting, currently the subject of a recommended £1.1m bid from Mitchell Somers, is forecasting a slump in pre-tax profits from £409,000 to £320,000 for the year ending June 30, 1977.

A HERBERT JOINT VENTURE

Alfred Herbert, the Coventry-based international machine tool and tooling group and Cutnath which is part of the Austrian-based Plansee group, have agreed to form a new company, Herbert Cutnath, to take over their respective hardmetal tooling interests within the U.K.

ASSOCIATE DEALS

Baring Brothers sold 4,000 Ordinary stock in Globe Investment Trust on June 17 at 83p for discretionary investment clients. Rove and Pittman, Hurgt Brown and Co. bought a subsidiary of Hambros Bank which acts as Aktiebolaget Statens Skogsindustrier 275,000 Dolan Packaging shares at 188p cum div.

June 17 25,000 Concrete Ordinary shares at 105½ on behalf of National Chemical Industries. Vickers, de Costa bought 100,000 Concrete at 105p on behalf of National Chemical Industries. Casanova and Co. sold 20,000 Concrete at 107p on behalf of associates of Concrete.

OFFER FOR PRIEST MARIANS

In accordance with Rule 34 of the City Code, Mr. M. U. Rosenbaum is to make or procure offers to be made to acquire Priest Marians Holdings Ordinary at 65p cash and the Preference at 35p cash per share. The offers will be unconditional.

MONO CONTAINERS

All the G.M. Mono Containers chairman, in reply to a question from a shareholder, stated that the discussions referred to in the preliminary announcement on April 29 concerning a possible offer for the whole of the issued share capital of the company were still continuing, although taking longer than expected. A further announcement will be made in due course.

BRIDGEND PROCESSES

Bridgend Processes states that 4,917,457 special shares have been converted into the same number of Ordinary shares and as a result of this conversion BP Chemicals now owns 1,427,232 Ordinary shares (3.8 per cent).

WATSHAM'S

Watsham's announces that completion of the contract for the transfer of its transmission division activities to Hawker Siddeley Power Engineering has taken place. The consideration of about £1.5m in cash has been received.

NO PROBES

The following proposed mergers are not to be referred to the offer to holders of the company's Subordinated Unsecured Loan Stock 1981 to convert. The necessary resolutions were passed at the following extraordinary meeting.

The company experienced a period of rapid profit growth in the years 1965 through 1973 and then, together with many others who were largely involved in the granting of credit, we had two years when I do not see the very pedestrian before beginning our road back to what I am encouraged to believe will be an engaging future, he said.

Inflation causes increased figures in our balance sheet even for the same volume of trade in unit terms. Add to this the fact that most of our trade is conducted in foreign currencies, and remember that sterling, in which our figures are expressed, has depreciated again almost all foreign currencies in the year under review and you will understand that the amount of finance required for the same amount of business in unit terms inevitably increases substantially.

Neither of these factors take account of our natural desire to expand the business and improve our profitability.

Under these circumstances you will see that it is our duty to cater for these future trends by improving our capital base to support and justify the increasing financial facilities—and confidence.

Ductile's £5.7m.

for Newmans

Ductile Steels, steel re-rollers and welded tube manufacturers, has made an agreed £5.7m bid for Newmans Tubes in a move which stands to expand its tube division activities by more than 50 per cent.

Terms are five Ductile shares and 394p in cash for every six Newmans shares which is worth 173p per Newmans share with Ductile closing 3p lower at 131p and the Preference at 35p alternative of 164p a share.

The Stock Exchange is taking a preliminary look at share dealings in Newmans Tubes ahead of yesterday's announcement to decide whether a formal investigation is needed. In the past £100,000 shares have been a strong market for 12p to 20p to 115p before yesterday's news.

THOS. BORTHWICK IN GERMANY

Arrangements were concluded yesterday whereby Thos. Borthwick and Sons (Australia) entered into a partnership arrangement with Nordfeldt, one of the major companies of the Federal Republic of Germany, and with Munchmeyer and Company, a leading German trading company, to form a company, NEM (Norddeutsche Metallgesellschaft) and CO. KG which will be based at Norddeich, Schleswig-Holstein.

The main objective of the company will be to promote and manage the sale of New Zealand lamb within the Federal Republic and the management will be under the control of Mr. Karl George Imke, previously with the company, who is responsible to a management board of representatives of Borthwick, Norddeich and Munchmeyer.

REA BROS. ACQUISITION

Rea Brothers has acquired the capital of Copleys Trust, a private holding company formed in 1974 and controlled by the Copley family. The principal subsidiary is Copleys Bank, which conducts private banking and consumer credit business.

SHARE STAKES

John Newell and Co. Kuwait Investment Office has acquired 1,000 shares in the company, further 425,500 shares making total holding 1,297,500 shares (9.98 per cent). Gestetner Holdings: USF nominal has been further 2,500 shares increasing holding to 29,030 per cent.

LONGRHO - AVP

Loishe announces that acceptance of its offer for the Ordinary shares of AVP Industries have been received from over 75 per cent of the holders in respect of 1,280,000 shares of AVP, representing 85.86 per cent of the shares in issue (including 1,172,333 shares (61.4 per cent) which are subject to the completion of various transactions). The offer has been extended until 3 p.m. on July 5.

COMPANY NEWS IN BRIEF

ATKINS BROTHERS (HOLDINGS) - Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

THE LONDON AND PROVINCIAL TRUST

Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

QUEENS MOAT INDUSTRIES

Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

SCHLESINGER AMERICAN INVESTMENTS

Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

SHAW AND MARVIN - TURBOVERS

Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

WESTERN MOTOR HOLDINGS

Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

WOLVERHAMPTON DIE STEEL LAUNDRY

Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

YOUNG AND RUBICAM

Results for year to March 31, 1977, reported profit of £1,000,000. Current assets £1,200,000. Working capital £1,200,000. Dividend £1,200,000. Meeting, London, July 14, at noon.

MINING NEWS

Charter's £12.7m. for MK Refrigeration

BY KENNETH MARSTON, MINING EDITOR

AS PART of the policy of build-up of its U.K. industrial interests, for both revenue and tax reasons, the Charter Consolidated mining and industrial group is offering 180p cash for each of the issued Ordinary shares of MK Refrigeration. The offer places a value of approximately £12.7m. on MK, 25,000 shares of which are already held by the Charter group.

Mineral rights plea

The Cornwall Mining Development Association, which seeks to foster the interests of the West Country tin mining enterprises, has repeated its plea for a national minerals policy. The Mineral Exploration and Investment Grants Act of 1972 is very largely an abortive measure without the very necessary mineral rights legislation, the Association's chairman, Mr. John Trowson, states in his annual report.

Comment

There have been other suitors in the market for MK Refrigeration and the main reason why the matter has gone along with this offer is that Charter's more is a pure investment with precious little industrial logic behind it. So MK's successful management team can say to their shareholders that the dread hatched of "rationalisation" is not hanging over them.

GLOBE AND PHOENIX

Extraordinary general meetings of Globe and Phoenix Mining and Metallurgical Enterprises are being sought by the Shareholders Protection Committee with the aim of removing the present directors and replacing them with representatives of the Committee. Applications have been made to the respective Boards, in the latest move of the dispute which has surrounded the acquisition of the Globe and Phoenix Group by the ECN.

THARSIS

At yesterday's Tharsis Submitter a chairman said that participation in metal-iron-pyrites is still £16.150m. to proceed to a £100m. paid to Tharsis. The company is to participate in capital increases in basis of its part of the issue. This was yesterday.

MONY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 8 per cent (since May 12, 1977). Day-to-day credit was in very short supply in the London money market and the customer banks gave assistance by buying a moderate amount of Treasury bills direct from the houses and small numbers of local authorities. In addition they lent an exceptionally large amount to eight or nine houses at MLR for repayment to-day.

Table with columns: Date, Short-term, Carried over, Interbank, Treasury, Govt, etc. showing market rates for various instruments.

Local authorities and finance houses have 'noted' others seven days' fixed. 'Lender-term local authorities' rates 12.5% per cent. 'Lender-term local authorities' rates 12.5% per cent. 'Lender-term local authorities' rates 12.5% per cent.

EDITH LIFTS DIVIDEND RATE

Plans to Issue Shares for Portfolio Invest

At the Annual General Meeting of Estate Duties Investment Trust Limited on 21 June, shareholders approved an increase in the dividend rate from 7p to 7.5p for the year to 31 March 1977. The higher rate is payable on a share capital increased by a 1-for-10 capitalisation issue last year. A further 1-for-15 capitalisation issue was also approved.

* We do not require that a man ever be made in the shares w that the share register should to all corners. In his additional remarks to the he said: * This year's Finance Bill prov roll-over relief for Capital Ge wher a company issues its debentures in exchange for another company and holds quarter of its equity after the may well be an opportunity services for the shareholder companies.

Copies of the Report and Accounts and further information available from the Secretary, ESTATE DUTIES INVESTMENT TRUST 91 Waterloo Road, London SE1 8XP, Telephone 01-928-7822

EDITH is a quoted investment trust managed by Industrial and Commercial Finance Limited (ICFO). EDITH specialises in the purchase of minority shareholdings companies, so enabling existing shareholders to make provision for personal tax parting with control of their companies.

Chairman confirms TKM outlook

Confirmation that Toser Kennedy and Millbourne (Holdings) expects a satisfactory result in the year given at the AGM by Mr. Kenneth Thorogood, chairman. This may not be reflected in the first half because, he explained, the first six months results are seldom the half of the whole for some activities produce seasonal profits. The directors have announced a one-for-five rights issue and an

THE THROGMORTON TRUST LIMITED Interim Revenue Statement

The Board of Directors have pleasure in announcing the unaudited Revenue figures of the Company for the six months ended 31st May, 1977.

Table with columns: Six months to 31.5.77, Six months to 31.5.76, Twelve months to 30.11.76. Rows include Gross Revenue, Less: Administration and Interest, Less: Taxation, Unappropriated Revenue b/lwd, AVAILABLE FOR DISTRIBUTION, Less: Preference dividend, AVAILABLE FOR ORDINARY DIVIDEND, EARNINGS PER SHARE, ORDINARY DIVIDENDS, Unappropriated Revenue c/lwd, NET ASSET VALUE PER SHARE.

N.B. 1. The net asset value allows for full conversion of the 8 1/2% Convertible Unsecured Loan Stock and values prior charges at middle market price. 2. At a meeting of the Board of Directors today it was resolved that an interim dividend of 8 1/2% (1976 - 5.0%) be paid on 5th August 1977, in respect of the year to 30th November 1977, to shareholders on the register as at 8th July 1977. This increased dividend is intended to reduce the disparity between the interim and final dividend and was forecast by the Chairman in the last annual Report. 3. The dividend will be paid on the capital as increased by the recent conversion of 8 1/2% Convertible Unsecured Loan Stock. 22nd June 1977

F.H. Lloyd £1.7m. advance Ferranti £6.1m. after good second half —pays 3.9p

TER A HALFTIME increase replacement programme gets payment was 4p for 1977-78. Stated earnings were 9.11p against 4.97p restated after adjusting deferred tax to a comparable basis.

Optimism at John Bright

THE MAJOR expansion programme to be undertaken by the John Bright Group is evidence of the confidence in the longer-term outlook, according to Mr. I. M. Ford, chairman, in his annual statement.

payment was 4p for 1977-78. Stated earnings were 9.11p against 4.97p restated after adjusting deferred tax to a comparable basis. The directors anticipate that with the exception of the ACT, in respect of dividends no corporation tax will be payable in the foreseeable future due to stock appreciation relief in the housing companies and accumulated losses in Lowe and Brydone Printers.

Advance by Blyth Greene

TURNOVER FOR 1976 of the unquoted merchant bank and investment holding group Blyth, Greene, Jourdain and Co. advanced from £583,000 to £1,335m. Pre-tax profits jumped from £202,000 to £244,000.

Encouraging start for Pritchard

Confirming that the current year has started on an encouraging note with first-quarter profits after interest up by 27 per cent, Mr. P. R. Pritchard, chairman of Pritchard Services Group, states in his annual statement that this takes no account of any contribution from the city cleaning project in Riyadh nor from other successes including contracts worth some £2m a year in Canada and £750,000 at Charles de Gaulle Airport in France.

Low & Brydone tops forecast

Reflecting mainly a faster than expected rate of recovery by printing subsidiary in the second half, Lowe and Brydone ended the year to March 31, 1977, with taxable profit up from £44,233 to £93,568. Sales were £1,429m, better at £1,260m.

B. Wardle plans major restructuring

Bernard Wardle and Co. of Knutsford, Cheshire, with six manufacturing subsidiary companies, is planning to rationalise its commercial and marketing operations with the formation of two group commercial divisions—one concentrating on the automotive industry and the other on the industrial markets.

TURNOVER of electrical and general engineers, Ferranti (in which the Government has a substantial stake) expanded from £108.45m to £125.35m in the year to March 31, 1977 and pre-tax profits advanced from £4.1m to £5.14m.

Buckley's Brewery confident

Providing the government does not impose any penal restrictions on the pricing structure of the brewing industry, the prospects for Buckley's Brewery are good, Mr. W. K. Buckley, the chairman, says in his annual statement.

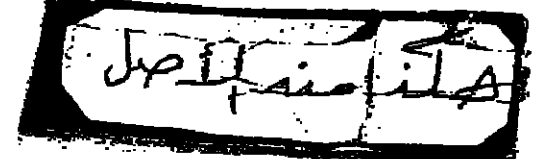
Irish Distillers up midway

ON TURNOVER ahead from £23.27m to £31.10m, profit of Irish Distillers Group for the 26 weeks to end March, 1977, rose by £2.34m to £1.7m, before tax of £244,000 against £41,000. The directors state that they expect continued growth in the second half, and if this is realised they will recommend an increase in the final dividend.

completed for 18 months to two years. During this time there will be some constriction of trade in the houses being developed and it has been necessary to completely close two to trade, he says. As reported on June 3, for the year to April 2, 1977, taxable profit was £9.78m on sales of £5.1m. For the previous 53 weeks profit was £9.71m on sales of £5.43m. The net dividend is lifted to 1.625p net (0.9975p) per 25p share.

Future Prospects

Prospects for the current year will be appreciably influenced by the performance of our Steel Division and the extent of interruption of production facilities in our foundries caused by the installation of new plant. These factors, together with the continuing failure of the U.K. economy to respond as predicted, discourage me from anticipating the outcome of the current year at this point.



F.H. Lloyd HOLDINGS LIMITED

GROUP RESULTS

Table with 4 columns: Item, Year to 2 Apr 1977 (£2 weeks) £000, Year to 3 Apr 1976 (£3 weeks) £000. Rows include External Sales, Profit before Taxation, Taxation, Available profit of the Group, Earnings per 25p share, Dividends (Interim paid 7 January 1977, Final proposed for 15 August 1977).

Mr. Robert H. Foster, the chairman, says that he considers a very satisfactory result, but one that prospects for the next year will be appreciably influenced by the performance of a steel division and the extent of interruption of production facilities in the foundries caused by the installation of new plant.

Mr. Foster comments that the year includes the associate company, which has recorded surprising results despite the depressed level of business in the steel industry.

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Sunderland and South Shields Water Company 29 John Street, Sunderland SR1 1JT.

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Sunderland and South Shields Water Company 29 John Street, Sunderland SR1 1JT.

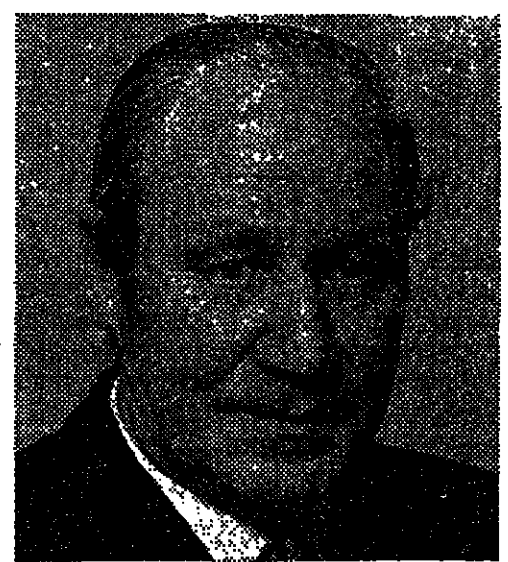


Allied Irish Banks Limited

Principal Operating Companies: Allied Irish Banks Limited, Allied Irish Finance Company Limited, Allied Irish Investment Bank Limited, Allied Irish Leasing Limited, Allied Combined Trust Limited.

The Annual General Meeting of Allied Irish Banks Limited will be held at Jury's Hotel, Ballsbridge, Dublin 4 on Wednesday, 29th June, 1977 at 12 o'clock noon. The following is an extract from Dr. O'Driscoll's Statement.

Results The Group Profit for the year ended 31st March, 1977 before tax and special provisions against advances amounted to £24.4m compared to £20.4m for the previous year an increase of 20%. Two major factors affected this result, the high interest rate environment during the year and the unfavourable bank strike in the Republic of Ireland, during which the parent Bank lost considerable resources to other institutions. Fortunately, our two subsidiary banks and our branches in Britain and Northern Ireland continued in operation.



Dr. E. M. R. O'Driscoll, Chairman

Dividends We are proposing a final dividend of 17 1/2% which together with the interim dividend of 6 1/2% (already paid) will give a total for the year of 24%. This is an increase of 33 1/2% on last year's payment. Cautious optimism in economy Economic recovery in 1976 began with rebuilding of stocks run down during the depression. This was accompanied by a revival of demand for bank lending from industry and commerce. The value of sterling helped price competitiveness and we began to experience accelerated growth in industrial exports. This was more rapid than the general expansion in international trade and gives grounds for cautious optimism this year, having regard particularly to the more moderate National Pay Agreement ratified recently.

repayments can be tailored to meet the needs of each individual borrower. Allied Irish Banks have long been aware of the major contribution which financing makes to the economy. We are confident that the financing sector will make further substantial contributions to the Irish economy and we intend to ensure that the necessary capital will be available to our customers to enable them to play their full part. A further allocation of £10m for long term house finance was agreed between the Bank and the Department of Finance early in 1977. This brings the total allocated by Allied Irish Banks under its Home Loans Scheme to £30m in the three year period ending December 1977. The new Group headquarters at Ballsbridge, Dublin is progressing satisfactorily and is ahead of schedule. It is expected that occupation will commence in mid 1978. Two new offices have been opened in Britain, bringing our total number of branches in Britain to 26. New offices have also been opened at Pennyburn in Derry, at Andersonstown in Belfast and in Kells, Co. Meath. Organisation The increasing size and complexity of Group

business has called for a new structure of executive management. The Board has entrusted Mr. Joseph McGinnis, who was Chief Executive of the Bank, with the responsibility for supervising the performance of all the constituent elements of the Group. He has assumed this role as from the 1st January with the title of Group Managing Director. Mr. J. B. Fitzpatrick previously Deputy Chief Executive has taken over the post of Chief Executive of the Bank. Other supporting appointments have also been made with particular emphasis on forward planning and policy development within the Group. Directorate We have been conscious of the need to expand prestige local representation of the Bank and, with effect from 1st January last, our Local Boards were re-constituted in a strengthened form in Belfast, Cork and Dublin. These Boards comprise the Main Board Directors living in the respective areas. At the same time, we established Local Advisory Boards which operate in support of our Local Board Directors. During the year we welcomed on to the Main Board, Mr. J. B. Carr, Mr. J. J. Fitzpatrick, Mr. C. Aliaga Kelly, Mr. D. J. Murphy, Mr. J. B. McGuckian and Mr. M. J. O'Keefe. Staff 1976 has been a year of contrast, disappointment due to the lengthy closure of the Banks counter-balanced by the outstanding response of our officials on re-opening. The good results for the year would not have been possible except for the loyalty and enthusiasm of our staff.

FEATURES OF THE CONSOLIDATED ACCOUNTS Year ended 31st March 1977 1976 Issued Capital £600 £600 Share Premium and Reserves 72,378 60,803 Total Assets 1,746,733 1,485,682 Current, Deposit and Other Accounts 1,642,729 1,378,327 Advances to Customers and Other Accounts, Less Provisions 758,887 588,765 Group Profit before Tax and Special Provision 24,468 20,398 Profit attributable to Shareholders 14,595 8,799 Earnings per 25p share Basic 32.5p 29.9p Fully Diluted 28.2p 28.1p

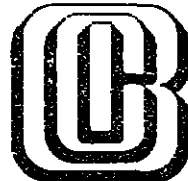
Threefold growth since 1972

Copies of Report and Accounts and Chairman's Statement are obtainable on application to: The Secretary, Allied Irish Banks Limited, P.O. Box 452, Leesonowze House, Ballsbridge, Dublin, 4.

Balance sheet as of December 31st 1976

Liabilities	(in million lire)	Assets	(in million lire)
Capital Stock	60,000	Cash	201,074
Legal Reserve	27,000	Balance with Central Bank	2,048,867
Reserve for Monetary Adjustment as per Law Dec. 2, 1975 n. 576	39,846	Government securities, bonds and shares	2,782,078
Taxable Reserve, as per Law Dec. 19, 1973 n. 823	109,900	Participations	147,665
Retained earnings	214	Bills discounted	340,693
Reserves for possible loan losses	117,999	Current and other accounts with customers and correspondent banks	3,186,169
Deposits	13,491,226	Other loans	51,212
Advances from Central Bank	74,114	Premises, furniture, equipment	185,397
Reserve for Personnel Severance Fund	227,498	Bill for collections, items in transit and sundries	799,081
Provision for tax	13,960		
Provision for depreciation	56,813		
Other liabilities	1,014,497		
Net Profit for 1976	9,169		
	15,242,236		15,242,236
Forward exchange contracts outstanding	4,572,585	Forward exchange contracts outstanding	4,572,585
Liabilities in respect of guarantees, irrevocable credits and acceptances	4,353,648	Customers' liabilities in respect of guarantees, irrevocable credits and acceptances	4,353,648
Other contingent and memorandum accounts	8,716,031	Other contingent and memorandum accounts	8,716,031
	32,884,500		32,884,500

Dividend for 1976: 12%, payable from April 30, 1977



Banca Commerciale Italiana

Chairman: Dr. Innocenzo Monti
Managing Directors: Dr. Francesco Cingano, Dr. Antonio Monti

Head Office: Milan
321 Branches in Italy - 9 Branches abroad (Abu Dhabi - Cairo - Chicago - London - Los Angeles - New York - São Paulo - Singapore - Tokyo) - 16 Representative offices (Athens - Beirut - Berlin D.D.R. - Cairo - Caracas - Frankfurt a/M - Kuala Lumpur - Madrid - Mexico City - Moscow - Paris - Sydney - Tehran - Toronto - Warsaw).

A FINANCIAL TIMES SURVEY

JAPAN

JULY 26 1977

The Financial Times is preparing to publish a survey on Japan in its edition of July 26, 1977. The proposed editorial coverage is extensive. It will include a detailed examination of the trade imbalance between Japan and Europe. Separate articles will discuss different sectors of Japanese industry, including motors, steel, shipbuilding, consumer electronics, computers and aircraft. Other articles will analyse Japan's imports and exports, foreign investments and her relationships, political and cultural, with the rest of the world. The main headings of the proposed editorial synopsis are set out below.

INTRODUCTION: Now that contacts between Japan and Europe are becoming closer, frictions appear to be multiplying. The trade imbalance has become a source of concern on both sides.

TRADE IMBALANCE: (a) Both Japan and Europe have a trade structure based on the import of raw materials and the export of manufactures; but a higher proportion of Europe's imports consists of manufactures. A lack of "complementarity" between the Japanese and European trade structures has become a serious problem. (b) Japan attributes its success in exporting cars, ships, steel and other heavy industry products to economies of scale and modern equipment. Europe, however, retains competitiveness in high technology industries. (c) European exporters to Japan complain of problems of access, including both non-tariff and "psychological" barriers. (d) Japanese officials and businessmen claim that Japan has tried harder to sell in Europe than Europe has tried in Japan.

Chemicals: Environmental and other problems make the future of Japan's basic chemical industry somewhat doubtful. Catching up in fine chemical technology represents a long haul for the Japanese industry.

INVESTMENT: (a) The size of Britain's invisible surplus with Japan is the subject of controversy. (b) Manufacturing investment by Japan, however, will grow. (c) European (and US) companies are gradually moving away from licensing their technology towards acquiring wholly-owned manufacturing ventures in Japan. (d) European investment in Japanese stocks can now influence the decisions of Japanese domestic investors.

THIRD MARKETS: (a) Japan and Europe are involved in a more or less continuous discussion on ways of restraining Japanese exports to Europe. (b) Japan is coming under pressure from its OECD partners to improve on its performance as a donor of foreign aid.

THE JAPANESE IN EUROPE: Japanese businessmen in Europe tend to live in self-contained communities in a small number of cities. Japanese embassies do not promote exports but the large and efficient Japan External Trade Organisation functions either as a promoter of Japanese exports or of European imports into Japan. Japanese companies have been cautious about manufacturing in Europe but some outstandingly successful manufacturing ventures have been set up.

EUROPEAN SUCCESSES IN JAPAN: A seemingly haphazard group of European companies and industries has achieved striking success in the Japanese market. They include food products, electronic components, chemicals and sports goods.

POLITICS AND CULTURE: It is felt that Japan should now take a less exclusively commercial view of its political and cultural relations with the outside world.

The proposed publication date is July 26 1977. Copy date is July 12. For full details of the synopsis and advertising rates contact Mr. Simon Timms, Far East Manager, or Miss Nobuko Hashimoto on 01-248 8000, extension 260. Financial Times, Bracken House, 10 Cannon Street, London EC4A 3BY. Telex: 885033 FINTIM G (Advertisement Dept.)

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

FINANCIAL AND COMPANY NEWS

THE CHIASSO AFFAIR

Swiss to prosecute Credit Suisse

BY JOHN WICKS

ZURICH

THE SWISS authorities are to prosecute Credit Suisse and the Liechtenstein company Texon-Finanzanstalt for payment of a sum of Sw.Frs.220m. in outstanding withholding tax. It was announced in Parliament today by Finance Minister Georges-Armand Chevallaz.

The demands are in connection with the channelling of a total of Sw.Frs.2.17bn. of fiduciary funds of the Credit Suisse branch in Chiasso to the Liechtenstein company.

At the same time the Swiss National Bank is instituting proceedings on allegations of "grave infringements of Swiss currency regulations" and will insist on payment of what Mr Chevallaz called "necessary commissions." This refers to the fact that the transactions involved are, in part, in the form of recent Swiss franc accounts.

Fiduciary accounts are not allowed to be held in Swiss francs and, at least in the case of those concluded since the

introduction of the negative interest rate on foreign-held Swiss-Franc accounts, are subject to this negative interest at a rate of 10 per cent. per quarter.

The head office of Credit Suisse had already announced that, while it intends to make voluntary restitution to what it calls bona fide clients of the Chiasso branch, it has retained a 25 per cent share of the sums involved to meet negative interest and withholding tax commitments.

In connection also with the Chiasso affair, the Public Prosecutor's Office of the Canton of Ticino is opening penal proceedings in connection with contravention of banking law.

These are likely to include charges of improper accounting — large guarantees were granted on fiduciary accounts and bank credits by the branch management without being booked — and the operation of the Vaduz funds.

GERMAN COMPANIES

Conti-Gas warning on dividend

BY GUY HAWTIN

FRANKFURT

DEUTSCHECONTINENTAL-Gas Gesellschaft has warned its shareholders that an unchanged 15 per cent. dividend for 1977 will not be easy to achieve. However, the current business year should be a satisfactory one according to the energy, power generation and chemicals concern's management.

Dr. Helmut Wolf, the Conti-Gas chief executive, said that the concern's earnings from shareholdings and non-consolidated subsidiaries should amount to about DM20m. during the current year. In addition there was a DM3.5m. tax rebate to look forward to.

Last year the Conti-Gas concern's total turnover amounted to DM1.23bn. (£304.4m.), satisfactorily ahead of 1975's DM1.1bn. The parent concern and its consolidated subsidiaries saw sales rise from DM338m. to DM384m., while those of major shareholdings went up from DM775m. to DM849m.

Net profits for the concern as a whole rose from the previous year's DM28m. to DM31m. (£7.65m.), while the allocation to reserves increased from 1975's DM4.7m. to DM11.5m. The shareholders are to be recommended an unchanged dividend of DM7.50 per DM50 nominal share at the June 27 annual meeting.

In the first five months of the

current year the concern's turnover has continued to rise, albeit at a slower rate than last year's 10.3 per cent. Compared with the same period of 1976, January to May sales increased by 5 per cent. from DM492m. to DM515m. The kilowattage of power supplied to customers by the parent concern and consolidated subsidiaries rose by 2 per cent., while that of the concern's major shareholdings the energy field was up 3 per cent. The comparable figures for gas delivered were 5 per cent. and minus 10 per cent., respectively.

This year's earnings picture has been marred by increased costs in virtually every sector of the concern's activities. Staff costs, despite during the first five months a small decline in the labour force, rose by 6 per cent. as a result of the new settlement on pay, conditions and fringe benefits.

Certain of Conti-Gas's power generation operations have, themselves, been hit by increased energy prices in Southern Germany. The cost of capital plant and investment also showed further increases. These increased overheads could not be offset by increased demand. In particular, the increased energy costs that have hit the concern's generation operations could not be passed on to the consumer in the form of higher power prices

although negotiations were taking place with the public authorities.

RUHRKOHLE, WEST Germany's largest coal producer, is resigned to "a really appalling year" in 1977, in the third year of the European Steel Industry's crisis, and without the benefit yet of new long-term supply agreements with the electricity generating industry, reports Adrian Dicks from Bonn. Stating this in Essen today, the company's chairman, Herr Karl-Heinz Ems, predicted a substantial loss for Ruhrkohle this year, in contrast to the "good year" of 1976, when the concern balanced its books on a turnover of DM12.4bn.

Herr Bund warned, however, that the 1976 result included DM23m. in extraordinary earnings, which would either have to be used to cover the losses likely to be incurred in the current year, or paid to the Federal Government against long-term debt incurred in the early 1970s.

Ruhrkohle's production last year dropped to 67m. tonnes from 70m. tonnes in 1975, and is expected to fall further to 63m. tonnes this year.

The company hopes to see the gap between production and

sales close further, sales probably totalling over 20m. tonnes.

Herr Bund calls Federal Government national coal reserve 15m. tonnes as one way of helping the troubled coal industry.

In a written answer to a question in the Bundestag, Herr Bund also revealed that the steel industry's activity could be improved by increasing its use of coke at more prices, which would be through assistance from the Government.

The Ruhrkohle chairman also predicted that both British and German coal production would increase in 1977.

In the long run, he said, Ruhrkohle was nearly in a position to compete with imports.

Meanwhile Ruhrkohle's production last year dropped to 67m. tonnes from 70m. tonnes in 1975, and is expected to fall further to 63m. tonnes this year.

The company hopes to see the gap between production and

Air charter merger threat

BY ADRIAN DICKS

BONN, June 22

THE WEST GERMAN Federal Cartel Office fired a shot across the bows today of a merger that would create a major air charter business when it stated that it had reservations about Hapag-Lloyd's takeover of Bavaria-Germanair.

A spokesman for Hapag-Lloyd said that the Hamburg Bremen-based shipping and travel group was astonished by the Cartel Office's statement. When it first announced its intention to buy Bavaria-Germanair, Hapag-Lloyd expressed confidence that the Cartel Office would raise no objections to the transaction.

The deal would have given Hapag-Lloyd an important additional degree of diversification away from the maritime sector,

where it has been troubled no less than other lines by the depressed state of the shipping market.

Sources at the Cartel Office explained its hesitations today as being caused by the fear that the merger would severely limit the degree of competition in the air charter market.

The office is worried by the high degree of concentration that already exists in the air charter and package holiday business in West Germany, and by the concern that competition would be significantly lessened if the takeover went ahead.

It is understood that the office would have left Condor, the charter branch of the state-controlled Lufthansa, as the largest charter operator, with some 30 per cent of the market, the Cartel Office

Ford invests

FORD MOTOR Co. to invest about Europe (including Turkey) in 1977, supervisory man Jan Van Den Iland announced at a meeting of the company's board in London.

The company's investment in Europe in 1977, including such as the Fiat's major new construction planned in the year.

Ford Nederland cars in the first half of this year against the rest of the year, and it expects satisfactory.

Zaire could return to favour

BY MARY CAMPBELL

NOW THAT the difficulties over the invasion of Shaba Province have been surmounted, it appears that international bankers are beginning to think again about a large Euro-currency financing for Zaire.

Some suggest that concrete negotiations may start by the end of July.

Last December, when Zaire

was negotiating with commercial banks on its external debt, it was clearly trying to arrange a loan of some \$250m. once Zaire had met certain conditions. These conditions are now close to being met.

Dr. Leveque, Chairman of Citicorp, who was closely involved with the negotiations in December, has been touring Europe

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	1980	1981	1982	1983	1984	1985	1986	1987	1988
African Australia 5 1/2%	100	100	100	100	100	100	100	100	100
Australia 5 1/2%	100	100	100	100	100	100	100	100	100
Australia M. & S. 5 1/2%	100	100	100	100	100	100	100	100	100
Banque Paribas 5 1/2%	100	100	100	100	100	100	100	100	100
Canada 5 1/2%	100	100	100	100	100	100	100	100	100
Central N. Ry. 5 1/2%	100	100	100	100	100	100	100	100	100
Credit National 5 1/2%	100	100	100	100	100	100	100	100	100
Deutsche 5 1/2%	100	100	100	100	100	100	100	100	100
EDF 5 1/2%	100	100	100	100	100	100	100	100	100
ENI 5 1/2%	100	100	100	100	100	100	100	100	100
ESB 5 1/2%	100	100	100	100	100	100	100	100	100
Exxon 5 1/2%	100	100	100	100	100	100	100	100	100
Gen. Lanes Paper 5 1/2%	100	100	100	100	100	100	100	100	100
Hammerby 5 1/2%	100	100	100	100	100	100	100	100	100
ICI 5 1/2%	100	100	100	100	100	100	100	100	100
ISF Canada 5 1/2%	100	100	100	100	100	100	100	100	100
Macmillan 5 1/2%	100	100	100	100	100	100	100	100	100
Mastercard 5 1/2%	100	100	100	100	100	100	100	100	100
Michelin 5 1/2%	100	100	100	100	100	100	100	100	100
Midland 5 1/2%	100	100	100	100	100	100	100	100	100
Nat. Westminster 5 1/2%	100	100	100	100	100	100	100	100	100
Newfoundland 5 1/2%	100	100	100	100	100	100	100	100	100
Norges Komm. Bank 5 1/2%	100	100	100	100	100	100	100	100	100
Oversea 5 1/2%	100	100	100	100	100	100	100	100	100
Parsons 5 1/2%	100	100	100	100	100	100	100	100	100
Porto Antunes 5 1/2%	100	100	100	100	100	100	100	100	100
Prov. Banknote, 5 1/2%	100	100	100	100	100	100	100	100	100
Quebec 5 1/2%	100	100	100	100	100	100	100	100	100
Shell 5 1/2%	100	100	100	100	100	100	100	100	100
Standard 5 1/2%	100	100	100	100	100	100	100	100	100
Swedish (Kingdom) 5 1/2%	100	100	100	100	100	100	100	100	100
Swedish 5 1/2%	100	100	100	100	100	100	100	100	100
United Banknote 5 1/2%	100	100	100	100	100	100	100	100	100
Valpo 5 1/2%	100	100	100	100	100	100	100	100	100

YONTOBE EURO-BOND INDICES

PRICE INDEX	14.4-77	31.4-77	AVG YIELD
DM Bonds	105.56	105.92	DM Bonds
HFL Bonds & Notes	103.45	101.72	HFL Bonds & Notes
U.S. 5 1/2% Bonds	102.69	102.93	U.S. 5 1/2% Bonds

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SOUTH AFRICAN COMPANIES

SAB's improved balance sheet

BY RICHARD ROUPE

ANNUAL report of South African Breweries (SAB) has attracted considerable attention in Johannesburg, partly because of the significant improvement in its balance-sheet ratios in what has been a testing year, but also because of the apparent change in management philosophy, which can best be summed up as 'back to basics'.

Shares have been strong in the report at 85c, which tallies the group at R188m. Improvement now rests on the reactions of the shareholders, who control an eighth of SAB, and on extent to which local stores are prepared to look at the present, still-deeper recession.

Autostrada Debts for RI

ROME, June 22. AUTOSTRADA—a symbol of the Italian "economic miracle" of the 'Sixties'—is being another major disaster of the country's troubled economy. Private autostrada companies, which control nearly 9,000 miles of the national highway network, are under pressure to have accumulated debts of L1,200bn. or about 10 per cent of the national product.

Italian Government is expected to intervene in a state salvage operation by taking over the state-making way companies, which include the Italian Riviera autostrada and the controversial Autostrada del Sole. The latter has repeatedly been used to build a still uncompleted tunnel under the "impassable" granite Gran Sasso mountain, to the giant State company, IRI.

FROM SUCCESS THE INTERCOMMUNALE de Gas et d'Electricite (IGEA) said its one-for-five issue was 94.54 per cent up by existing shareholders. Reuter reports from IGEA that the issue raises Intercom to Frs.22,77bn. from Frs.24bn.

to sale and leasebacks at the OK Bazaars, SAB's 70 per cent owned stores subsidiary, but even deducting the OK figures, SAB's own debt to equity ratio improved from 88 per cent to 51 per cent.

Some years ago, SAB embarked on a policy of diversification, in which OK Bazaars was the main acquisition. Four years ago, the non-liquor interests were a third of group profits, but in the latest year to March 31, with operating profit of R118m, the split between liquor and non-liquor was 50-50.

Smith Sugar's liquidity

BY OUR OWN CORRESPONDENT

C. G. SMITH SUGAR, the kingpin of the C. G. Smith Group, and the second biggest sugar producer in South Africa, says in its annual report that its liquidity remains strong and that it expects to maintain the present level of dividends. For the year to March 1977, Smith Sugar raised its dividend 10 cents to 75 cents and the shares have performed strongly since the preliminary figures were known, putting on 90 cents to 660 cents, before going ex-dividend to 610 cents, where the yield is 12.4 per cent, capitalising the company price at R80m. with 218m. Ordinary shares.

CAPITAL MARKETS

S. Korea finances ship deal

BY FRANCIS GHILES

SOUTH KOREA has just negotiated its largest single Euro-currency borrowing to date. A group of banks co-led by Scandinavian Bank Ltd., Scandinavian East Ltd., Wells Fargo Bank NA and Well Fargo Ltd. have signed a promissory note, purchase facility worth \$188m. which will finance 70 per cent of the cost of buying 21 ships due to be built in Korea for Scandinavian and Canadian buyers.

The maturity of the notes is split between seven and eight years and the spread ranges in effect from 1 per cent to 1 1/2 per cent over Libor. This is believed to be the first major borrowing by South Korea's Exim Bank which has succeeded in finding a new source of funds, cheaper than the cost of a medium term loan, no doubt on account of the guarantee provided by the Scandinavian and Canadian banks.

The operation has also attracted to Korea some banks which had relatively little business there and should help to increase the flow of trade between the countries of the different partners. If developed, such financing could also constitute a way round for banks which might be near their legal lending limits on Korea but wish to do more business there.

So the group has become once again increasingly reliant on its beer interests, which will be helped in the current year by a price hike and warm winter weather up to now. Improving liquidity and a determination to raise returns at OK Bazaars (which made 18 per cent on capital employed) should also help. But at this stage the Board is not forecasting higher earnings.

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Japan expects lower rates

BY DOUGLAS RAMSEY

JAPAN'S Ministry of Finance has asked the trust banks and securities houses to proceed with a heavy cut in long-term interest rates in July, according to sources who say the new schedule of bond coupon rates will be formally adopted next week. This will be the third such move this year after cuts in March and May, but the securities houses are less than happy about the government decision to pare both corporate and government issue rates.

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Higher earnings expected by Pripps

By William Dullforce

STOCKHOLM, June 22

PRIPPS BREWERY, Sweden's largest, expects to improve earnings from Kr.52.2m. to Kr.75m. (\$16m.) in the 1976-77 financial year ending September 30, according to its interim report for the first eight months. Pripps, owned 60 per cent by the Swedish State and 40 per cent by Beijerinvest, the trading and industrial group, has 60 per cent of the Swedish beer market and 55 per cent of the soft drinks market.

Japan expects lower rates

BY DOUGLAS RAMSEY

JAPAN'S Ministry of Finance has asked the trust banks and securities houses to proceed with a heavy cut in long-term interest rates in July, according to sources who say the new schedule of bond coupon rates will be formally adopted next week. This will be the third such move this year after cuts in March and May, but the securities houses are less than happy about the government decision to pare both corporate and government issue rates.

CAPITAL MARKETS

S. Korea finances ship deal

BY FRANCIS GHILES

SOUTH KOREA has just negotiated its largest single Euro-currency borrowing to date. A group of banks co-led by Scandinavian Bank Ltd., Scandinavian East Ltd., Wells Fargo Bank NA and Well Fargo Ltd. have signed a promissory note, purchase facility worth \$188m. which will finance 70 per cent of the cost of buying 21 ships due to be built in Korea for Scandinavian and Canadian buyers.

The maturity of the notes is split between seven and eight years and the spread ranges in effect from 1 per cent to 1 1/2 per cent over Libor. This is believed to be the first major borrowing by South Korea's Exim Bank which has succeeded in finding a new source of funds, cheaper than the cost of a medium term loan, no doubt on account of the guarantee provided by the Scandinavian and Canadian banks.

The operation has also attracted to Korea some banks which had relatively little business there and should help to increase the flow of trade between the countries of the different partners. If developed, such financing could also constitute a way round for banks which might be near their legal lending limits on Korea but wish to do more business there.

Keppel optimistic despite lower 1976 profit

BY H. F. LEE

SINGAPORE, June 22

DESPITE AN 11 per cent gain in production revenue, the Singapore Government-owned Keppel Shipyard registered a 20 per cent decline in group pre-tax profit to \$841.9m. for the year ended December, 1976. Chairman Mr. G. E. Bogaars in his annual report attributed the lower profit margin to the general lowering of shiprepair prices in Singapore. In spite of the profit decline, Keppel remains fairly optimistic about its prospects.

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Soft drinks upturn

BY OUR OWN CORRESPONDENT SINGAPORE, June 22

FRASER AND NEAVE, the largest soft drinks manufacturer in Singapore and Malaysia, has reported an 8.1 per cent increase in group pre-tax profit to \$820.8m. for the year ended March 1977. A lower estimated tax charge helps lift net profits to 18.5 per cent to \$512.9m. However, Fraser has reported a total of 13 extraordinary losses amounting to \$2.19m. against \$510,000 last year, for the full year, which is time, which thus resulted in a 24 per cent. previously.

Pechiney looks for growth

FINANCIAL TIMES REPORTER

THE LARGE FRENCH metals group, Pechiney Ugine Kuhlmann, third largest private sector group in France, has reported a 10 per cent increase in sales and profits during the first eight months of the year. The group's earnings rose to Kr.72m. in the corresponding period for 1976-77. Cost calculated at 1976-77 levels, Pechiney's earnings rose to Kr.53m. against Kr.48m. and net financial income Kr.8m. against Kr.12m.

CAPITAL MARKETS

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Saba profits reach Kr.42m.

By Our Nordic Correspondent

STOCKHOLM, June 22

SABA, the Swedish fruit and vegetable and wholesaling group, announces in its final report for 1976 an increase in earnings from Kr.22.3m. to Kr.42m. (\$5.6m.) after a 12.4 per cent growth in sales to Kr.4,850m. (\$650m.). The group dominates the Scandinavian market for imported fruit and vegetables and operates the Dagab wholesale food chain, which it formed in 1972. Towards the end of last year it established Sabret Import in the UK as a first step in an international expansion programme.

Total-Apco in \$65m. deal

ALMA, MICHIGAN, June 22

TOTAL PETROLEUM North America said it intends to buy a refinery, all associated crude oil and refined products pipelines and terminals, and the Canadian oil and gas production and reserves of Apco Oil Corp. for \$65m. The contract will not become effective prior to approval of a Canadian production and reserves plan of complete liquidation by of 2.4m. barrels of oil and 14bn. cubic feet of gas, increases Total's proven reserves and production in Canada by about 10 per cent. The purchase is subject to approval of various U.S. and Canadian regulatory authorities, and a definitive agreement, Compagnie Francaise de Petroles owns 49 per cent of Total. Reuter

THE HASHEMITE KINGDOM OF JORDAN US \$30,000,000 EURODOLLAR LOAN MANAGED BY CITICORP INTERNATIONAL GROUP FIRST CHICAGO LIMITED TRADE DEVELOPMENT BANK/REPUBLIC NATIONAL BANK OF NEW YORK PROVIDED BY CITIBANK, N.A. FIRST NATIONAL BANK OF CHICAGO (LEBANON) S.A.L. REPUBLIC NATIONAL BANK OF NEW YORK BANK OF MONTREAL TRADE DEVELOPMENT BANK OVERSEAS INC. UBAF ARAB AMERICAN BANK UBAF BANK LIMITED CITICORP INTERNATIONAL BANK LIMITED AGENT MAY 1977

We take pleasure in announcing that JONATHAN G. W. AGNEW JAMES W. LEWIS BARRY C. GOOD THOMAS C. MELZER ROBERT R. HENRY DAVID S. PHILLIPS have been elected Managing Directors of MORGAN STANLEY HOLDINGS and MORGAN STANLEY & CO. effective July 1, 1977 1281 Ave. of the Americas, New York, New York 10020

ASSI warns of plant closure By Our Nordic Correspondent STOCKHOLM, June 22. ARTIEBOLAGET STATENS Skogsindustrier (ASSI), the State-owned Swedish forest industry concern which last week offered £14.5m. for Britain's Dolan Packaging, has warned the 200 workers at its Lövålmens Kraftliner factory that it plans to close down the North Sweden plant by the end of 1978. A working group, including union representatives, which has been studying the question for a month, decided by seven votes against five that it would be more profitable to concentrate liner production at Skinnstaberget in Central Sweden, where 200 employees are producing some 150,000 tons a year compared with the 300 at Lövålmens. ASSI is making a bid for Dolan Packaging in order to secure outlets for its Kraftliner on the British corrugated board market. It is following the example set by Svenska Cellulosa, Sweden's biggest private-owned forest industry group, which recently bought a 49 per cent interest in the packaging operations of Jefferson Smittat, the Dublin-based company.

THE JOBS COLUMN

Recruiting by TV • Self-help • U.K. chief • Sales lift

BY MICHAEL DIXON

"YARMOUTH rang us the employer who wanted catering housekeeper, the surprise be other week wanting us to get staff to work on oil rigs, and ing that it's in the south of them 45 police officers, starting he notched up 200 applications France. But the aim is to serve salary £2,400," said John Swin- in no time at all."

The feature works two ways, serving job-seekers as well as recruiters in Anglia TV's area, which ranges from South Lin- colnshire and North Norfolk to the northern outskirts of Lon- don, and where there are an estimated 100,000 people un- employed.

Mr. Swinfield is the man be- hind, and occasionally in front of, the camera in a singular experiment being made by Anglia Television in conjunc- tion with the Government- sponsored Employment Service Agency.

For each of the past five Wed- nesdays the commercial TV station's 6 p.m. big-audience regional affairs programme has included a ten-minute "Job- shop."

With one week of the map of the region, showing the experiment still to go, the re- sults have apparently left John Swinfield (not to mention his assistants, and the ESA officials) manning ten telephone lines at their local headquarters in Col- chester) lured but happy, and Bury St. Edmunds, wages such- expecting the feature to return and- such; a dozen carpenters in- to the screen perhaps in ex- Peterborough, and so on," Mr. tended form after the summer. Swinfield added. "We try to find or filling complex posi- give a bit of a lift to the pro- tions," he said. "It's very hard ceedings. The nanny in Moscow sell, and it's basic. But what was one, and hundreds wanted does, it seems to do well to find out more about it. This For instance, we put on an week we have a job for a cook-

one-off exercise as a part of one of the weekly programmes on industry we're going to start in August.

"But it was decided to try it separately at a mass viewing time, and now I'm hoping that the powers that be will go on with it. I'm intrigued by it. Usually, you see, in television you're just holding up the mir- ror, but with this we're also interested in what it reflects. That's appealing, you know. I think there must be a bit of the social worker in all of us at heart."

Employers interested in the seekers, and vice versa are told that they can pursue their in- quiries by asking their local telephone exchange to connect them with Freephone 3383. This is the alias of the Col- chester-based officials of the Employment Service Agency, who stand by the 10 special lines from 6 until 8 p.m.

After the first Jobshop fea- ture, they dealt with about 400 still photographs accompanied by brief descriptions of age and working experience, or more rarely as the subjects of brief studio interviews.

Then Jobshop switches to a machine. Despite the jamming, he believes that the number of callers has, if anything, in- creased as the experiment has proceeded.

"Although we haven't yet finished the experimental run, the Independent Broadcasting Authority is showing a close interest in us, and Thames Television has sent up a team to take a look. So the idea could well spread to other regions."

"The odd thing, though, is that it's one of those projects which took on a life of its own. I had thought of trying some- thing of the sort but only as a

PER happy

WHILE WE are near the sub- ject of the Employment Service Agency, by the way, there seems to be an atmosphere of mild rejoicing at the London headquarters of its managerial branch, Professional and Execu- tive Recruitment.

In April and May PER's in- come from placement fees was 52 per cent up on the 1976 figure at £511,000. The indica- tions are that June will raise the total for the first quarter of the financial year to around £750,000—an improvement of about 40 per cent on the cor- responding period. If this trend is sustained, then 1977-78 should prove to be the year in which

PER at last fulfils the politi- cians' long-standing promise to the long-suffering taxpayer that it will break even. The income that it will need to do this is just over £3m.

Over 40s

I AM highly cautious about schemes to charge unemployed managerial workers fees for helping them to get new jobs. But Pauline Hyde, who has 14 years' experience in recruit- ment consultancy and is mar- ried to a public-company chair- man, seems to have an idea worth considering.

She wants to set up in Britain a self-help organisation on the American pattern in which job- less executives aged 40 or more combine to polish themselves up and set about capturing new posts. There are 14 such "40 Plus" concerns in various parts of the United States, and another in Toronto.

The idea is that the execu- tives do most of the work, spending four half days each week in such tasks as manning the information desk, leading discussions on self-marketing tactics, and helping to adminis- ter psychological tests.

Fee levels would be set with the aim of breaking even. The costs would include the salaries

of Mrs. Hyde and one secretary, but she hopes to keep charges low by persuading business con- tacts to help even to the extent of providing free office space.

The trouble is that if the British 40 Plus Career and Development Services is to start, it will have to be granted status as a charity. And the Charity Commission has appar- ently remained doubtful about Pauline Hyde's contention that the Commission's rules by being, for instance, altruistic in affording mutual help for people in trouble, and of public benefit not least by injecting capable managers back into economic service.

She feels, however, that her latest approach to the Commis- sion this week received a sympa- thetic hearing, and that her case would be all the stronger for evidence of support from the Street, Manchester M2 3HR. Tel. 061 236 0987.

Mrs. Hyde at 38 Lower Belgrave Street, London SW1W 0LN— telephone 01-730 4278.

Heaters

A CHIEF to develop the United Kingdom business of the pri- vately owned West German Schwank company is wanted by consultant Derek de Belder of

Knigh Wegenstein. The com- pany designs and makes gas infra-red heaters for industrial and domestic uses.

Since the U.K. business needs to be built up pretty well from scratch, I gather that where the negotiation. Responsibility will be to Bernard Schwank, the chairman.

Mr. de Belder says that, al- though this is a "total business" job, the initial emphasis will be on marketing and sales. So the essentials for candidates are ex- perience of management on the sales side, including negotiation of contracts, and familiarity with the heating business. A technical qualification of at least HND level is also needed.

No remuneration quoted; I estimate £10,000. Car. Apply to Derek de Belder at 75 Mosley Street, Manchester M2 3HR. Tel. 061 236 0987.

Rough terrain

LEN MATHEW, of Matbro for- klift trucks, looks like ending the year £3m. down on his turn- over target. But since he is the founder and major shareholder of the company, he does not feel insecure about his likely sales compared with Horley, Surrey Rf

£3m. last year, he has achieved £12m. is sniffed at.

In the meantime a sales man- ing a sales man- marketing expertis technical skills i forklift trucks work in ag terrain" work in ag about half a d available, the new- expected to build unaided the rough network from six present to about 15 servicing side w.l. developing, and t such sales promo- eluding advert exhibitions.

Responsibility w Mathew's deputy Matthews. "But as boy, I insist involved as well." Horley, though it Andover before it The essentials strable sales an skills and experie moving and/or mach nery. Fami appointment and dealers is desirab more than 40. Salary up to £5 Kingdom business of the pri- vately owned West German Schwank company is wanted by consultant Derek de Belder of

£15m. sales compared with Horley, Surrey Rf

Commodity Brokers

COCOA/COFFEE

We are seeking to recruit the following staff for a subsidiary dealing in commodities:-

QUALIFIED FLOOR TRADER

TRAINEE FLOOR TRADER

ADMINISTRATION/SHIPPING CLERK with good experience and knowledge of shipping documentation in relation to cocoa.

We offer a good salary and generous fringe benefits which include Luncheon Vouchers of 50p per day, House mortgage assistance, contributory Pension Scheme and free Life Assurance cover.

Please write giving details of experience and career to date, to:

J. A. Newman, Assistant Staff Manager, Kleinwort, Benson Ltd, 20 Fenchurch Street, London EC3P 3DB

KLEINWORT, BENSON
Merchant Bankers

Financial Director

£10,000

Ellis & Everard (Chemicals) Ltd., part of a publicly quoted group, has a growth and profit record which has outpaced inflation. Eighteen branches, covering the U.K., sell, stock and distribute a wide range of chemicals to thousands of customers. The stage has now been reached where the appointment of the first Financial Director must be made. Reporting to the M.D. he or she will have the freedom to organise the function so as to meet the requirements of a fast-growing business. Candidates in their thirties must be chartered accountants already holding a senior post within a medium size company where the control of overheads and costs is considered of paramount importance. Experience in systems and the use of D.P. is

essential. The successful candidate will be a person who is resilient, energetic and ambitious, with the ability to grow with the Company. Assistance will be given with any house move necessary to the Bradford area where the Divisional Office is based. There are the usual fringe benefits, a car is provided and initial salary will be up to £10,000. (PA Personnel Services Ref: AA27/8009/FT) The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, Knightsbridge, London SW1X 7LE Tel: 01-235 6060 Telex: 2874



A member of PA International

CHIEF EXECUTIVE

Our client is a well established international UK Group with a turnover of £300 million. The Group has recently won a major project management contract in West Africa and now wishes to make several senior appointments of which this, as Chief Executive, is the most important. He will be based in the country concerned, reporting to the Project Director in the U.K., and have total responsibility for this contract from the outset to its integration and acceptance by the national state authority. The tactful establishment of effective working relationships at senior governmental and commercial levels is important. This challenging appointment requires proven large project or general management experience, ideally gained in a developing economy and a sound engineering back- ground. It is a demanding job in tough conditions and will be rewarded appropriately, the remuneration package being flexible to suit personal circumstances. Salary will not be a limiting factor. Further full career potential exists within the main Group.

West Africa Age: 35-50 Salary £20,000+

Applicants wishing to be considered should telephone, with a view to attending final interviews in London at the end of June, quoting AN503



INTERNATIONAL APPOINTMENTS (LONDON) LTD.

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Telephone: 01-629 6867/8, Cables: Interapp London W1.

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BOSTON

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The appointment will be of special interest to qualified accountants in the age bracket 30-40 with a proven record of achievement and who now seek a new challenge with wider responsibilities. Salary planned is c. £10,000 per annum with a company car and other fringe benefits. Relocation expenses will be paid.

Please apply in the first instance to:-

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If you consider that you have the capabilities which we require please write to:-

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London EC2V 7AU



Local Authority Dealer

We require a Dealer who is experienced in all aspects of the Local Authority Market.

Write in confidence, giving details of previous experience to:

MANAGING DIRECTOR,
KIRKLAND-WHITTAKER (STERLING BROKERS) LTD.,
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Managing Director

c. £10,000 plus car, East Mid

Our Client, a substantial U.K. group is looking for a Managing Director designate for a largely autonomous subsidiary, to succeed the present holder who retires in about 15 months. The subsidiary, which employs 100, is engaged in the marketing and distribution of engineers supplies and steel. A steady expansion of its activities is planned.

The successful applicant will probably have an engineering background and will have held the position of general manager or will have been intimately involved in management decisions in a company selling engineering products to a diverse range of industrial customers.

Additionally it would be an advantage if he or she had a university degree, be a member of an appropriate professional institution. The position is 35 to 50.

A salary of around £10,000 p.a. will be paid which includes an attractive bonus based on profits. A car provided together with the usual pension, and other benefits. Removal expenses will be paid in appropriate cases.

Please write stating age, current salary and how you meet our requirements, quoting referer MD/3870/FT on both envelopes. No information will be disclosed to our Client without permission.

Urwick, Orr & Partners Limited Bayliffe House, Stoke Poges, Slough SL1 3PF

Divisional Accountant
London

This British group has been established over 100 years and has subsidiary manufacturing and distributing its consumer products throughout the world. Reporting to the Finance Director, the Divisional Accountant will be responsible for monitoring from the accounting and financial aspects the operation of a number of UK and foreign subsidiaries whose accounting is fully centralised; limited travel will be involved. There are excellent prospects for advancement.

Candidates, ideally in their early 30's, must be qualified accountants who have gained relevant experience in industrial groups operating internationally. Knowledge of French would be helpful.

Salary negotiable about £8,500 plus car, pension.

Please write - in confidence - to J. M. Ward ref. B.4303.

This appointment is open to men and women.

MSL Management Consultants

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A company with multi-million £ turnover and a member of a major British Engineering Group is seeking a

FINANCE DIRECTOR

The company is a market leader and is well known within certain industries. Candidates should have comprehensive experience of agreements and their financing within this field. Experience of markets and evaluating large contracts would also be desirable.

Responsibilities will embrace the total financial and administrative functions of the company, and the appointment calls for a background of achievement, probably obtained within a major company well known for its procedures and controls. Salary, circa £12,000. Location, London.

Please send full details, mentioning reference WT, to:

Executive Dynamics
23a High Street, Hemel Hempstead, Herts.

This vacancy is open to male and female applicants. All letters will be treated in confidence, and no details will be passed to our client without prior permission.

Nigerian Bank for Commerce and Industry

Applications are invited from suitably qualified Nigerian citizens resident in the United Kingdom for various executive and senior staff positions in the Nigerian Bank for Commerce and Industry. The Bank was established by the decree of the Federal Military Government in 1973. It is empowered to engage in all banking activities and provides, among other services, medium and long-term loans and equity finance to indigenous individuals and enterprises.

Vacancies exist in the following departments:

Operation/Investment Supervision/Investment Promotions

with responsibilities for project evaluation/appraisal; the supervision of projects which are already receiving the Bank's financial assistance and the formulation and promotion of bankable ideas and projects.

- Vacancies exist for:
- Senior Investment Executive **N7,764-8,724**
 - Investment Executive **N7,764-7,752**
 - Deputy Investment Executive **N6,444-6,984**
 - Assistant Investment Executive **N5,460-6,432**

Level of appointment and salary entry point will depend upon qualifications and experience. All candidates must hold a good honours degree in economics, Business Administration, Accountancy or Engineering and have had a minimum of 2 years' relevant post-qualification experience in project appraisal/implementation/promotion or work of a similar nature.

Administration

(for general administrative and personnel functions, including the planning of manpower requirements; staff recruitment, training and development; industrial relations; administration of staff loan, pension and welfare schemes; and the keeping of personnel records).

- Vacancies exist for:
- Assistant Chief of Administration **N7,764-8,724**
 - Manager **N7,764-7,752**
 - Deputy Manager **N6,444-6,984**
 - Assistant Manager **N5,460-6,432**
- Level of appointment and salary entry point will depend upon qualifications and experience. All candidates must hold a good honours degree in one of the social sciences majoring in Business Administration, Economics or Management. Development/Training and have had a minimum of 2 years' relevant post-qualification experience. Membership of the Institute of Personnel Management will be an advantage.

Finance

- Vacancies exist for:
- Assistant Chief Accountant **N7,764-8,724**
 - Accounting Manager **N7,764-7,752**
 - Deputy Accounting Manager **N6,444-6,984**
 - Assistant Accounting Manager **N5,460-6,432**

Level of appointment and salary entry point will depend upon qualifications and experience. All candidates must hold membership of one of the recognised professional accounting bodies or an MBA in accountancy and have had a minimum of 2 years' relevant post-qualification experience. A university degree in Economics or Accountancy will be an advantage.

Merchant/Commercial Banking

- Vacancies exist for:
- Manager **N7,764-8,724**
 - Deputy Manager **N6,444-6,984**
 - Assistant Manager **N5,460-6,432**

Level of appointment and salary entry point will depend upon qualifications and experience. All candidates must either hold a good honours degree in one of the social sciences, Business Administration or Accountancy and have had a minimum of 2 years' relevant post-qualification experience; or must have completed the qualification of AIB or CIS with a minimum of 4 years' post-qualification experience in merchant/commercial banking.

Fringe Benefits

All posts are pensionable under the Bank's non-contributory pension scheme. Other benefits include rent subsidy, car basic allowance and free medical facilities for appointees, wife and children.

Method of Application

All interested candidates should write to, or call in at: The Nigeria High Commission, Recruitment Section, Nigeria House, 9 Northumberland Avenue, London WC2N 5BX for application forms which, on completion, should be returned direct to: Chief of Administration, Nigerian Bank for Commerce and Industry, 3 Prisons Street, P O Box 4424, Lagos, Nigeria.

Closing Date and Interviews

Applications should reach the Bank not later than 31st July, 1977. The date and place of the interview will be communicated only to those candidates considered qualified for interview.

Nigeria

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Involving all aspects of the recording, processing and monitoring of new and existing Loans, liaising with clients inside and outside the Bank.

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with responsibilities that will include either/or nostro Rec's., Bank of England Returns, Management Reports, Interest Accruals, etc.

Each of these situations represent an excellent career platform for an ambitious young person, and salaries are augmented by a full range of attractive fringe benefits.

To discuss these positions in detail: Telephone John Chiverton, A.L.E. on 01-405 7711 DAVID WHITE ASSOCIATES LTD.

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Age group 27-33 years. SALARY \$18,000 PER ANNUM. Please telephone, in confidence: Eileen Miller or Trevor James L.P.S. Group 01-588 5792

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Responsibility will be to the Senior Manager for the maintenance and development of banking business with North American Corporations. Up to 25% away travel, primarily to the USA, will be required to maintain liaison with clients and the Bank's Overseas offices.

Candidates must possess resource and imagination and the ability to negotiate at a senior level.

Initial salary circa £8,500, contributory pension, free life assurance, house mortgage facility, assistance with removal expenses if necessary.

Applicants, male or female, should write giving full but concise details of age, education and business experience, stating the names of any organisations to whom your letter should be forwarded to:

J.D.Vine, Account Director
Lockyer, Bradshaw & Wilson Limited,
North West House, 119/127 Marylebone Road, NW1 5PU.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

POST OFFICE TELECOMMUNICATIONS

Head of Audit Division

c. £10,000 pa

POST OFFICE TELECOMMUNICATIONS is seeking a qualified accountant to direct the staff and work of this Division headquartered in London. The main function of the Division is to ensure that an adequate range of activities in the Telecommunications Business is subject to effective audit. The responsibilities include the management of the audit staff in the Telecommunications Business headquarters, and the monitoring of the audit work carried out in other parts of the Business. The post reports directly to the Senior Director, Finance and Management Services in the Telecommunications Business.

The job which is open to men and women calls for a high standard of professional judgment and managerial skills and an analytical ability derived from a thorough understanding of complex and varied accounting systems and of the management process. Apart from possessing personal qualities of integrity, tenacity and tact, the ideal candidate is likely to have gained several years' experience of audit techniques in large scale private or nationalised industry and to have held a management position at senior level in a large organisation.

The starting salary will be negotiable around £10,000 pa (including London Weighting). There are attractive conditions of service and a contributory pension scheme.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent by 11th July 1977 to:

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Telecommunications Personnel Department,
Room 47A,
2-12 Gresham Street,
London EC2V 7AG.

The Post Office

Senior Internal Auditors

LIVERPOOL c. £4,000-£5,000

Ocean Transport and Trading Limited is an International Shipping, Transportation and Distribution Group with worldwide trading links and assets in excess of £300 million.

We are looking for two Senior Internal Auditors to join our team at the Group's Headquarters in Liverpool. They will review accounting procedures and management control systems in selected group businesses, recommending modifications where necessary and working towards the standardisation of practices throughout the Group. This will involve planning audit programmes, conducting audit reviews and making both oral and written reports of findings to the Group Internal Auditor. One job will be as Team Leader and,

therefore, supervisory in nature, while the other will be working as a member of a team.

Candidates, men or women, should be qualified accountants with relevant audit experience and a knowledge of business systems.

There are excellent opportunities for those seeking a challenging career in an absorbing industry which affords scope for advancement in both the specialist and general management fields.

Please write with full details to: Miss H. Moran, Personnel Manager, Liverpool Divisions, Ocean Transport and Trading Limited, India Buildings, Liverpool L2 0RB.

ocean

MARKETING MANAGER/ESS

requires for large progressive importers of Household Goods. Only a person used to high pressure selling in large areas and having excellent rapport with multiples, co-ops and mail order at top level need apply.

Excellent salary and prospects for person who wants to become an indispensable part of a highly successful business.

Interested also in purchasing small parts (importer) with above connections in an endeavour to secure top sales management.

Apply: The Chairman, The Alco Group of Companies, 25-111 Bayham Street, Camden Town, London NW1 0AG

Career Opportunities in Insurance

N. W. ENGLAND

A subsidiary of a major international insurance organisation is enlarging its professional staff to meet a growing demand for the special services which it provides.

EXECUTIVE ACCOUNTANT c. £6,000

To establish and maintain information links between the business development section and the accounts and general administration function. Candidates, ideally aged 25 to 30, must be qualified accountants and possess the personal qualities to progress towards functional or branch management.

ASSISTANT UNDERWRITERS c. £4,000

To carry out various investigations and researches into business activities, in support of an underwriting function. Candidates aged 22 to 25, should be graduates or have established themselves at the start of a career in insurance.

Those becoming established executives in the company will receive fringe benefits normally associated with financial institutions.

Write in confidence, quoting reference 1872/L, to: N.C. Griffin,

Peat, Marwick, Mitchell & Co., Management Consultants, 11 Ironmonger Lane, London, EC2V 8AX.

Group Internal Audit Manager New Appointment

LONDON CAR PROVIDED

Spillers Limited is a major British listed company which comprises 8 UK based operating groups—grocery products, food ingredients, meat, restaurants, grain and feed, milling, baking and agriculture—and an international division. Total sales—£700 million p.a. The responsibilities of the successful candidate, who will report to the Group Financial Director include:

- setting up the Group Internal Audit Function and taking full professional and administrative responsibility for its activities.
- assessing audit priorities and implementing agreed programmes to ensure that financial controls, accounting and reporting comply with accepted accounting practice and group policy.
- reviewing audit findings with senior line and financial management and providing constructive advice and assistance.

The successful candidate will be professionally qualified, about 35 to 43 years and have substantial audit/internal audit and management level experience in a firm of public accountants or a large company.

The salary is attractive around £9000, depending on experience and there are good career development opportunities. Besides a company car and contributory pension scheme, there are the usual benefits offered by a company of this size. Please write, quoting reference B.213, giving details of age, education, qualifications, career experience and salary progression to: T. A. G. Stokes, Personnel & Training Manager, Central Finance, Spillers Limited, Old Change House, 4-6 Cannon Street, London EC4M 6XB.

S Spillers

Investment Management

London c.£8,500

An experienced manager is required for a company controlling funds in excess of £30 million. Responsibilities will be primarily in the fixed interest market but a knowledge of equities will be an asset.

The successful candidate will be a graduate or otherwise professionally qualified with a minimum of 5 years' relevant experience. Age is likely to be about 30.

Salary will be about £8,500. Other benefits include an annual bonus and a non-contributory pension scheme. Candidates of either sex should apply in complete confidence, quoting reference number FT/1977/F to:-

TYLB Turquand, Youngs & Layton-Bennett, Management Consultants, 11 Doughty Street, London, WC1N 2PL

LEADING STOCKBROKERS

are seeking a 23 to 30-year-old with degree or similar qualification for their department dealing with Private Clients, Banks, Solicitors, etc.

The successful applicant, who will already have experience in this field, will gain a position offering exceptionally good long-term prospects.

Applications, which will be treated in the strictest confidence, should be sent with curriculum vitae to Box A.5995, Financial Times, 10, Cannon Street, EC4P 4BY.

ANALYST

A vacancy exists for an analyst with one or two years' experience to join an established team specialising in fundamental research into specific industries and companies for institutional clients. The successful applicant will in time be expected to assume responsibility for part of the existing research coverage. A degree of professional qualification would be an advantage. An ability to formulate and express investment ideas is essential.

Apply in writing to: Mr. J. Brown, HENRY COOKE, LUMSDEN & CO., Arkwright House, Farnage Gardens, Manchester, M4G 3AH.

STOCKBROKERS

City Stockbrokers seek adaptable person with general experience of investment analysis, including a sound understanding of company accounts, sources of information, etc. The position could suit an older person, perhaps displaced by merger or redundancy, but a younger person would have ample scope for advancement. Salary by arrangement.

Write Box A.5992, Financial Times, 10, Cannon Street, EC4P 4BY.

STOCKBROKERS

We have an efficient and profitable private client section which we wish to expand. We are looking for a person aged 25-35 who is experienced in client management, preferably with some business of their own, to work directly with the partners. Excellent prospects.

All replies in strictest confidence to: Box A.5994, Financial Times, 10 Cannon Street, EC4P 4BY

Treasurer

EAST SURREY £8,500+car

An Accountant or Banker, male or female, aged 30/40 having in-depth experience of the treasury function, perhaps acquired in the Treasury Department of an international group, commercial bank or merchant bank, ideally supported by a professional qualification or relevant degree, is sought to assume responsibility for the development of this function at the head office of a medium sized UK group with substantial overseas interests.

Reporting to the Finance Director you will be responsible for the management of cash resources throughout the group including debtor control, overseas banking facilities, remittance arrangements and product pricing policy in relation to foreign currencies. The job will also involve the establishment of rental or leasing agreements for customer financing.

For a person with the requisite maturity and experience, the appointment presents an unusual opportunity to contribute to the successful management of this company manufacturing advanced technology capital equipment marketed worldwide. Please write briefly or telephone for application form (quoting Reference 320)

Lock Associates
Recruitment Consultants
York House Chertsey Street Guildford Surrey
GUILDFORD (0483) 64857

Lloyd Management

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But a well-known telephone number
01-405 3499

And well-known names
Antony Tucker, MA, AIB Evelyn Reed
John Harris

The Specialist Banking and Insurance Recruitment Consultancy

Lloyd Management
125 High Holborn London WC1V 6QA

Our client, the London branch of an international banking group, wishes to strengthen its management team and is seeking qualified candidates for the following appointments:

Head Eurobond Dealer

The ideal candidate should be in his/her mid-thirties, have a minimum of 5 to 8 years experience in the Eurobond market and a proven record of success. He/she should have extensive experience in the primary and secondary markets and be a respected professional in his/her

field. He/she will have full responsibility for trading eurobonds as well as for the processing of invitations to underwrite and subscribe to new issues.

In addition to fluent English, a knowledge of French and German would be useful.

Chief Dealer

Foreign Exchange and Money

The ideal candidate should be a highly competent professional with a minimum of 8 to 10 years relevant experience, able to start up an operation of this type and to work effectively with other members of the Group. He/she should be

a person of recognized stature and be particularly well versed in the dollar and sterling markets. He/she should be between the ages of 30-40 and, in addition to fluent English, a knowledge of French would be useful.

These are career positions with an extremely competitive salary package plus generous fringe benefits. It is unlikely that a candidate with the necessary experience will be earning much less than £15,000 in his present position. Interviews will be held in London and on the Continent within 2 to 3 weeks.

Interested applicants are invited to submit their resumés in confidence to

Charles Barker GmbH

Management Selection International
Kettenhofweg 137 · 6000 Frankfurt am Main · West Germany · Tel.: (0611) 749074

Assistant Company Secretary

Home Counties £8000

Our client, a "blue chip" international group with interests worldwide is now, after a period of consolidation, moving aggressively into a planned growth programme.

The company wishes to recruit a progressive commercially orientated Assistant Company Secretary to provide professional advice and guidance on legal and secretarial matters to the company's divisions.

The need is for an executive, male or female, ideally 27-32, professionally qualified (secretarial/accountancy/law) with at least 5 years experience gained in a large company environment and a good working knowledge of contracts and trading agreements. There will

be overseas travel where a knowledge of French or German would be a distinct advantage. An attractive starting salary is offered together with the usual fringe benefits expected from a major company including full relocation to the company's new attractive headquarters in the home counties. Most of all this is a prime career opportunity.

Write with career details or telephone for an application form in the strictest confidence to B. Duveen, quoting reference number MDK481, at Moxon Dolphin & Kerby Ltd., 60 St. Martin's Lane, London WC2N 4JB. Telephone: 01-836 1500.

MOXON DOLPHIN & KERBY LTD
MANAGEMENT SELECTION

Financial Planning

RTZ Industries Limited is an expanding industrial group with operations in the U.K. and overseas, which has a turnover in excess of £400 million and is a wholly-owned subsidiary of the Rio Tinto-Zinc Corporation.

An Assistant Planning Manager is required to join a small team which is responsible for group planning and financial evaluation; a major area of responsibility will be the analysis and investigation of capital expenditure proposals. Some travel will be required.

The person appointed to this position is likely to be a graduate in business studies/economics and may also be a qualified accountant. Male/female applicants should be around 30 years of age and should be highly numerate with a flair for analytical work; this should be backed up by several years' relevant experience, probably in industry. Applicants should possess a firm grasp of financial accounting principles and should also be capable of working with and contributing to the further development of computer based financial planning and control systems.

The remuneration will be attractive to those currently earning about £5000 p.a.; other conditions of employment are excellent and include membership of the RTZ contributory Pension Fund.

RTZ INDUSTRIES

a member of the RTZ Group

Please apply giving details of age, qualifications, experience to date and present salary to: Mr. R. W. F. Penny, Group Personnel Manager, RTZ Industries Limited, Cleveland House, 19 St James's Square, London S.W.1.

SENIOR TAXATION APPOINTMENT

The Thomson Organisation Ltd.

Experienced taxation specialist required to work with small team advising on taxation aspects of complex and expanding international businesses involving North Sea oil, newspapers, publishing, travel and airline operation.

Attractive salary and benefits.

Applications giving full details of previous experience in strictest confidence to:

Michael Aidin,
The Thomson Organisation Ltd.,
Thomson House
4 Stratford Place,
London W1A 4YG.

CHIEF ACCOUNTANT

Age 30-35 Up to £9,000 + car
CENTRAL LONDON

A profitable, major publishing house in Central London, requires a Chief Accountant who will report to the Financial Director. The appointee will be responsible for the day to day management of a large accounting department and the responsibilities will include: the preparation of monthly and annual accounts; cash flow; and the development and installation of new systems including computerised systems. There will be some secretarial duties and some overseas travel will be involved as the company is expanding overseas.

Candidates, male or female, should be qualified accountants with sound post qualification experience in industry or commerce, including a familiarity with computerised systems. This is an exceptional opportunity and we are therefore seeking qualified candidates with a well developed personality, the appropriate personal qualities and relevant experience.

Please send a comprehensive career résumé, including salary history, and quoting ref. 968/FT to:

W. L. Tait
Touche Ross & Co.
Management Consultants
4 London Wall Buildings
London EC2M 5UJ
Tel: 01-388 6644

ASSISTANT MONEY MANAGER

Tate and Lyle is an international company with a turnover in excess of £1,000 million, engaged in a very wide range of operations including sugar refining, sugar production, trading and handling commodities, shipping, transport and distribution.

The Group Finance Department located in the City, requires an Assistant Money Manager. The ideal candidate will be age 25-35 and have U.K. banking experience in either foreign exchange and/or sterling dealing. He/she must have a good general knowledge of money markets, banking and exchange control. Preference will be given to applicants with a banking qualification.

The successful applicant would assist in all aspects of cash/currency management and the maintenance of banking relationships. Starting salary is negotiable up to £6,000 plus bonuses, non-contributory pension and generous fringe benefits.

Please write or telephone for application form to:

Mrs. J. M. Mathias,
Tate and Lyle Ltd.,
21 Mincing Lane,
London EC3R 7QY
Telephone: 01-626 6525

An expanding British-owned International Agriculture Group is jointly involved in Saudi Arabian turn-key projects exceeding £30m and requires a

FINANCIAL CONTROLLER

This is an unusual and exciting opportunity concerned with establishing intensive livestock and dairy farming in Saudi Arabia in seven joint projects with £7m capital and up to 1,000 cows per project invested.

A financial qualification is required since the controller and his staff will have full financial responsibility, including for the evaluations, expansion, and audits of this division and reporting to the Chief Executive (Middle East).

A five-year contract (or less if desired) can be offered with a generous remuneration package and termination bonus: two holidays per year for the family (three if a bachelor) with the usual car, accommodation and medical arrangements provided free. Good career development potential exists both here and elsewhere in the Group.

RIYADH Age 30+ Salary circa £20,000

Applications should reach me as soon as possible quoting Y23 in order to have the final interviews in London at the end of July.

Robin R. Whalley

INTERNATIONAL APPOINTMENTS (LONDON) LTD

Calder House, Telephone: 01-626 6867/8
1 Dover Street, London W1X 3PJ Cable: Interappit London W1

INVESTMENT BANK
£20,000-£30,000
3-5 years preferably with background and ability to join large firm.
FINANCIAL ANALYST
TO £20,000
Economics, 25-30 years exp. with national Fin Director make all company.
TRUST ADMINISTRATOR
TO £25,000
mid 20s, pref. All years in a Clearing well known Merchant money brokers.
INTERBANK DE
TO £20,000
25-30 with at least 1 year City dealing in To join reputable money brokers.
INVESTMENT AN
£20,000-£30,000
25-30 with at least 1 year City dealing in either leg or fund man secure for leading stockbrokers.
Stephens Sec
35 Dover Street, London
01-626 0617
Recruitment Con

Financial Controller/Company Secretary

CENTRAL LONDON

£10,500

This appointment of financial controller/company secretary carries the responsibilities of day to day accounting operations, developing the accounting systems and management reporting, providing financial advice to top management, and motivating a staff of 40 people.

Our client, Liberty and Co., is a well known group both for its retail store in Regent Street and its wholesale subsidiary, Liberty of London Prints. In the last year the turnover of the group has increased by 40% and its profits by 80%.

The accountant appointed will be aged between 33 and 42.

experienced in all aspects of financial management, familiar with the application of computers to accounting systems, and is an able manager of people.

This is a good opportunity to take a key position in a great organisation, where the prospects of promotion are excellent.

Applications, which will be treated in strict confidence, contain relevant details of age, education, qualifications, experience and salary progression. Please write to: Aarons (Ref: 619/B).

Deloitte, Haskins & Sells, Management Consultants,
P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

Marketing Manager-Europe

A major international company with an outstanding growth record and substantial investment in Europe is seeking applications from high calibre individuals for this top management post. The position reports to the Chief Executive and functionally guides and co-ordinates marketing functions throughout Europe. Key responsibilities are:

Organisation and direction of strategic planning; Development of major product line strategies; Development of new applications and associated marketing plans; Pricing policy formulation.

Applicants, aged 32-45, should possess a good degree in Engineering or Chemistry and a Business Administration qualification would be advantageous. Substantial experience in the marketing of industrial products is essential and applicants should also have selling experience.

Bull Holmes

The ideal industrial background will be the Chemical or Petro-chemical industries and candidates will be accustomed to functional responsibilities over a number of countries. Very good spoken and written English is essential and the successful candidate will be able to communicate in either French or German.

The position is based in Brussels and candidates should be internationally mobile since there is ample opportunity for further career progression. This is a major company and remuneration and benefits will fully recognise the importance of the position. Applications should give concise personal details of experience, qualifications and current earnings.

Please write in the first instance to J. W. C. at Bull, Holmes Ltd., 45 Albemarle Street, London W1X 3FE, quoting ref. 452 on your letter and envelope. Our client guarantees application will be treated in strict confidence.

DIVIDEND CLERK and SECURITIES CLERK

The Royal Trust Company of Canada has the following two vacancies for young men or women in their mid 20's with merchant bank or stockbroking experience.

DIVIDEND CLERK We are looking for someone who has knowledge of dividend work in respect of U.K. and foreign stocks.

SECURITIES CLERK We need someone who will be able to use their own initiative and be familiar with Stock Exchange procedure and in particular settlements of sales and purchases and registrations for both U.K. and foreign stocks.

Terms of employment will include a competitive salary based on age and experience and can include mortgage assistance and other excellent benefits, B.U.P.A., season ticket scheme, etc.

Please telephone or write to:

Personnel Officer,
THE ROYAL TRUST COMPANY OF CANADA,
Royal Trust House, 54 Jermyn Street,
London SW1Y 6NQ. Telephone: 01-629 8252

INTERNATIONAL STOCKBROKING

FIELDING NEWSON-SMITH & CO.

invite applications for a senior position in their International Department.

He/she would be required to assist in the maintenance of services to existing clients and in the development of new international business.

Applicants should have several years' experience in international investment and a degree or professional qualification. A knowledge of French and German would be an advantage. Initial remuneration would depend on age and experience and the position offers excellent prospects in an expanding area of the firm's business.

Applications should be sent with curriculum vitae to the Managing Partner, Fielding Newson-Smith & Co., 31 Gresham Street, London EC2V 7DX.

AN OIL BROKER AND OIL TRADER

are required by a major international independent Oil Broking and Trading Company. For each post a minimum of five years' experience with a leading oil company is required.

Opportunities will occur for overseas travel, fringe benefits will be generous and salary is unlikely to be a limiting factor.

Write Box A.5979, Financial Times,
10, Cannon Street, EC4P 4BY.

INTERNATIONAL BANKING OFFICER

First International Bancshares Limited, the based merchant banking subsidiary of Tex-banking group, is looking for an ambitious female to join the international lending team.

It is envisaged, but not essential, that the candidate will be a university graduate who completed several years of credit work in national bank, is looking for an opportunity directly with senior lending officers in an and informal environment. Remuneration very attractive and will include usual benefits.

Please forward your curriculum vitae, in to George A. Newell, Executive Director National Banking, First International Bancshares Limited, 16 Place, London EC3A 6BY.

FIRST INTERNATIONAL BANCSHARES LIMITED

BF Goodrich Chemical—Europe and associated of the European organisation of BF Goodrich Chemical Division, of Cleveland, O. with production plants in Holland and Belgium organisations in the major European markets. BF organisation located in Holland the Financial Director.

GENERAL MANAGER—FINANCE

reporting to him and responsible for:

- Cash management using cash and currency co-ordination and optimisation of cash flow large variety of currencies.
- Continuous review of the developments on exchange and money markets in various countries.
- Handling of foreign exchange transactions of borrowing positions in these countries.
- Development of new products and arrangements to reduce foreign currency exposure and finance.
- Supervision of credit management and customers in major problem areas.
- Maintaining contacts with parent company Department, European associated companies.

Candidates, preferably between 35-40 years of age, have education at University level and extensive international financial experience during service internationally operating bank or manufacturer. will be provided for relocation to Holland. Applicants are requested to write with full complete details of background, education and Director Employee Relations of BF Goodrich Chemical c/o BF Goodrich Chemical U.K. Ltd., Station H Road, Wembley, Middlesex HA9 6DA. Confidential is guaranteed.

A CHALLENGE FOR BUSINESS NEGOTIATOR

30-40 SALARY £6,000 NEG PLUS BONUS SCH

Our client, a very large international organisation in the business, 25-40, who is currently conducting business at all levels.

This is a challenging opportunity with great potential who is self-motivated, ambitious and competent, because responsible for research, marketing and a wide and diverse range of industrial commodities depending with suppliers, shippers, customs and other of your own initiative and travelling as necessary. The person for the right person are good and include a bonus scheme and L.V.A. For further details, please write to:

Cripps, Sears

FARMING AND RAW MATERIALS

Sharp rise in EEC sugar sales

THE EEC Commission authorized sales of 59,750 tonnes of white sugar at its weekly open market export tender...

Trawlermen plan stormy reception for Gundelach

NEARLY 1,000 demonstrators are expected to mount a protest against EEC fishing policy and in support of a 50-mile exclusive zone...

Only by action of this type can the workers in the fishing industry show their disgust at the policies of the Icelandic Government...

Frost fears boost coffee market

REPORTS OF a new frost threat to the Brazilian coffee crop sent London futures prices soaring yesterday...

THE COMMON AGRICULTURAL POLICY How the Nine block 'cheap' food supplies

particularity its object of a 'fair standard of living' for farmers, stable markets, secure supplies of food...

New soyabean oil sales to China doubted

RIO DE JANEIRO, June 22. ADE SOURCES here and in Sao Paulo said they were aware of any new soyabean sales to China...

London copper gains wiped out

COPPER PRICES slumped on the London Metal Exchange yesterday, losing most of the gains from earlier in the week...

Copra back to year's low

A SLUMP in the price of copra, down to \$380 a tonne in Manila yesterday from its peak of \$545...

Low prices attract wheat buyers

BETWEEN 65m and 68m tonnes of wheat and wheat flour are expected to enter world trade in the 1977-78 crop year...

U.S. options plan opposed

STRONG OPPOSITION to the option trading regulations proposed by the U.S. Commodity Futures Trading Commission...

COMMODITY MARKET REPORTS AND PRICES

Table with multiple columns for various commodities including metals, coffee, rubber, soyabean meal, wool, and cotton. Includes sub-sections like 'BASE METALS', 'COFFEE', 'RUBBER', 'SOYABEAN MEAL', 'WOOL FUTURES', and 'COTTON'.

PRICE CHANGES

Table showing price changes for various commodities. Columns include 'Commodity', 'Unit', '1977', and '1976'. Includes sub-sections like 'Metals', 'Copper', 'Soybeans', and 'Wheat'.

Sensational - 22 more pages

Our expanded commodity service has all the necessary charts and indicators to provide you with the answers. Send for a single issue, £5; eight week trial, £20; one year subscription, £110...

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G. Index offers a futures market that can enable you to trade on commodity futures without Capital Gains or Income tax. This could mean substantial extra profits with no base in the amount at risk.

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Free Trading on Commodity Futures

G. Index offers a futures market that can enable you to trade on commodity futures without Capital Gains or Income tax. This could mean substantial extra profits with no base in the amount at risk.

U.S. Markets

SOYABEANS limit down; copper weak. COPPER WEAKENED on local selling... SOYABEANS limit down on Commission...

USSR buys Australian meat

SYDNEY, June 22. THE SALE OF 17,355 tonnes of meat to the Soviet Union by an Australian consortium was completed this week...

FINANCIAL TIMES table with columns for 'Date', '1977', '1976', and '1975'. Includes sub-sections like 'REUTERS', 'DOW JONES', and 'MOODY'S'.

STOCK EXCHANGE REPORT

Gilts induce better feeling but no expansion in trade Index up 4.7 at 446.7—Features on bid and trading news

Account Dealing Dates... First Declared... Last Account Dealings...

per cent, 1985, better at 53 1/2 on the good results. Recal improved 4 to 37 1/2 awaiting today's preliminary figures...

and helped sentiment in other supermarket issues. Outstanding in Foods was J. Lyons, which advanced 5 to 8 1/2 on hopes that the dividend rate may be maintained after all...

Robt. Stocks added 5 at 18 1/2, the latter in this market. Commercial Vehicles had Peden's a penny better at a peak for the year of 48p. Garages were narrowly mixed...

P & O Deferred hardened 2 to 15 1/2, while gains of 3 were scored by Readson Smith, 14 1/2, Hunting Gibson, 22 1/2, and Millford Docks, 7 1/2.

Activity in Textiles remained at a low ebb and movements rarely exceeded a few pence either way, but in line with other leaders, Courtauld's firmed 3 to 21p. Bond Street Fabrics hardened a penny to 21p in response to the interim results, but Wm. Reed gave up 3 to 5 1/2p.

FINANCIAL TIMES STOCK IND

Table with columns for various stock indices: Government Secs, Fixed Interest, Industrial Ordinary, Gold Mines, etc.

10 a.m. 441. 11 a.m. 441. Noon 441. 1 p.m. 441. 2 p.m. 441. 3 p.m. 441. 4 p.m. 441. 5 p.m. 441.

HIGHS AND LOWS

Table with columns for High, Low, and Stock names: Govt. Secs., Fixed Int., Ind. Ord., Gold Mines.

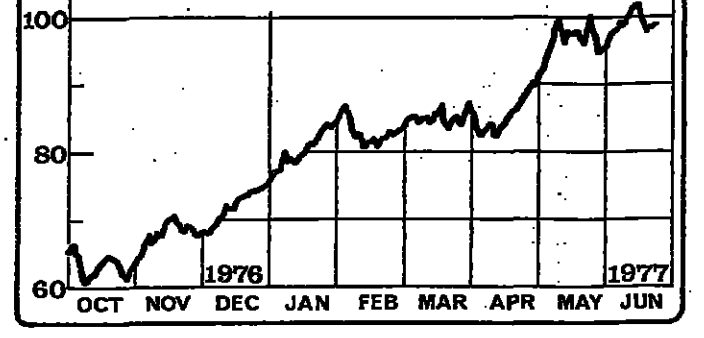
NEW HIGHS AND LOWS FOR

Table listing new highs and lows for various sectors: AMERICANS (7), BUILDINGS (2), CHEMICALS (3), etc.

RISES AND YESTER

Table showing rises and yester for various stock groups: Shell Transport, Barclays Bank, etc.

TOYS & GAMES FT-Actuaries Index



Home Banks easier... Home Banks drifted easier on lack of support. Barclays managed to hold firm at 28 1/2p, however, on continuing relief that the Bank's name had been withdrawn from the Arab blacklist...

The money tied up in the BP offer and the continuing political uncertainties again restricted buying, but interest in equities which underlain in place by bid and trading announcements. The improved sentiment was illustrated in rises in FT-quoted industrial shares...

Exhaustion of the Government broker's supplies of the shorter, Treasury Variable, 1981, stock together with publicity given to broker's short-term predictions for gilt-edged restored some confidence to the market. Descriptions of the amount of business passing extended from indifferent to reasonable, but it encouraged a longer-term view...

back 5 to 4 1/2p in Stores. Henderson-Kenton, preliminary figures due on the following day, cheapened 4 to 5 1/2p, while Vantosa sustained a similar fall to 10 1/2p. News that trading activities at its Sweeney and Wells fur, goods and leather subsidiary are to be drastically reduced during the current financial year brought about a fall of 3 to 6 1/2p in UBS. Weathercare, on the other hand, gained 4 to 26 1/2p and Marks and Spencer were the turn harder at 11 1/2p.

Secondary Engineerings provided the main features in the sector. Newmans Tubes stood out with a jump of 55 to 10 1/2p following the share and cash offer terms from Ductile Steels, 3 easier at 18 1/2p. An investment recommendation drew buyers' attention to Percy Lane, which rose 7 to 6 1/2p, while demand ahead of results expected next month, left Davy International 6 higher at 22 1/2p. F. H. Lloyd improved 3 1/2 to 7 1/2p on the results and, reflecting the first-half return to profitability, Arthur Lee edged forward a penny to 24p. Baker Perkins hardened 2 to 9 1/2p in front of today's annual figures, while improvements of around 3 were recorded in Babcock and Wilcox, 20p, CompAir, 10 1/2p, Spirax Sarco, 25 1/2p and Amalgamated Power, 55p. Of the leaders, John Brown advanced 3 to 21 1/2p, still in anticipation of good preliminary figures to-morrow, and Vickers gained 4 to 17 1/2p, 7 1/2p renewed investment demand. GKN rose a similar amount to 34 1/2p and Hawker edged forward 2 to 6 1/2p. Better-than-expected annual figures put Tesco up 1 1/2 to 3 1/2p.



RECENT ISSUES EQUITIES

Table listing recent issues in equities with columns for issue name, price, and date.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for stock name, price, and yield.

"RIGHTS" OFFERS

Table listing rights offers with columns for issue name, price, and date.

SPECIAL ENLARGED JUNE ISSUE devoted to WADDESdon MANOR the French Renaissance chateau built in the late 19th century by Destailleur for Baron Ferdinand de Rothschild. Articles discuss the various collections of silver, antique Roman jewellery, Renaissance and Baroque jewellery, miniatures, lace, musical instruments, textiles, buttons and fans. Also included is a short article on a Japanese lacquer box and a Norman-Sicilian ivory casket.

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FT-ACTUARIES SHARE INDIC

These indices are the joint compilation of the Financial Times, the Institute and the Faculty of Actuaries

EQUITY GROUPS

Table showing equity groups and sub-sections with columns for Index No., Index 21, Index 17, and Index 16.

FIXED INTEREST PRICE INDICES

Table showing fixed interest price indices with columns for British Government, 1-5 years, 5-15 years, 15-25 years, and All Stocks.

OPTIONS TRADED

Table listing options traded with columns for Deal-Last, Last, and Settlement.

NEW HIGHS AND LOWS FOR

Table listing new highs and lows for various sectors: AMERICANS (7), BUILDINGS (2), CHEMICALS (3), etc.

RISES AND YESTER

Table showing rises and yester for various stock groups: Shell Transport, Barclays Bank, etc.

FIXED INTEREST YIELDS

Table showing fixed interest yields with columns for British Government, 1-5 years, 5-15 years, 15-25 years, and All Stocks.

OPTIONS TRADED

Table listing options traded with columns for Deal-Last, Last, and Settlement.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore funds with columns for name, manager, and performance data.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

LEADERS AND LAGGARDS

Table listing market leaders and laggards with their respective performance metrics.

INSURANCE, PROPERTY, BONDS

Table listing insurance, property, and bond products from various providers.

NOTES

Notes section providing additional information and commentary on the market data.

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TUC firm line on 12-month pay rule

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT IN SCARBOROUGH

THE OUTLINES of the understanding that the TUC is ready to reach with the Government on what follows Phase Two of the incomes policy were considerably sharpened yesterday.

A meeting of the TUC General Council in London and a decision on incomes policy by the Confederation of Shipbuilding and Engineering Unions in Scarborough both pointed clearly away from the kind of tight fit vaguely expressed pay policy that the Chancellor is trying to secure.

The unions will try to persuade their members to honour TUC policy and not reopen 12-month pay deals struck under Phase Two—even if that means waiting until the middle of next year.

This is now clearly all that the leaders of the Transport Workers and the Engineers—and many others—mean by an "orderly return to free collective bargaining."

The TUC may still guide local negotiators on how to deal with anomalies, differentials and consolidation. But it is most unlikely to draw up a list of pay policy rules to be universally applied.

Nothing can be finally decided until after the Transport Workers' Conference in two weeks' time. But this is the kind of line most likely to emerge from its pay debate.

Bonus schemes

Yesterday 19 unions affiliated to the Confederation voted overwhelmingly for "an immediate return to free collective bargaining at the end of the second stage of the social contract."

Both Mr. Hugh Scanlon, president of the Engineers, who moved the resolution, and Mr. Grenville Hawley, national secretary of the Transport Workers' automotive group who seconded it, made it clear that by an immediate return they did not mean a pay scramble on August 1, when Phase Two formally expires.

Phase Two settlements would have to be honoured until they ran out—although Mr. Scanlon said self-financing bonus schemes could be exempt from that 12-month rule.

Mr. Len Murray, TUC general secretary, said at yesterday's general council meeting that he regarded the exemption as a breach of the policy. He was sure that everyone who voted for the 12-month rule did so believing it was meant to be a minimum gap.

Yesterday's general council agreed that improvements in pension schemes and self-financing productivity agreements should be able to go ahead after July 31—both concessions to the miners.

Only two unions at the Confederation Conference—the General and Municipal Workers and the Clerical Workers (APEX)—voted against the resolution.

They refused to succumb either to the interpretation that an immediate return meant the same as an orderly return, or to Mr. Scanlon's appeal for a unanimous vote.

The Confederation's conference decides the line for national negotiations with the engineering and shipbuilding employers, but does not pre-empt or alter individual unions' conference decisions on pay.

Yesterday's debate was something of a dress rehearsal for the Transport Workers' conference; and Mr. Hawley said afterwards that the decision would have considerable influence on that conference's reaction to the idea of a Phase Three.

In his speech, Mr. Hawley stressed that the hard-won recovery provided by the unions should not be thrown away in a pay scramble.

"But it is clear we must achieve a return to free collective bargaining as quickly as possible, to deal with all the problems that will otherwise stifle industrial recovery."

Economic Viewpoint, Page 29



Police under pressure on the picket line outside the Grunwick factory in North London yesterday.

Booth to meet Grunwick chief

BY DAVID CHURCHILL AND NICK GARNETT

The first major move to end the violent picketing outside the Grunwick film processing plant in North London will take place to-day when Mr. Albert Booth, Employment Secretary, meets Mr. George Ward, Grunwick's managing director.

The meeting, which was arranged last night, after a letter from Mr. Booth to Mr. Ward yesterday morning, is the Employment Secretary's first visit to the factory since the preliminary meeting had taken place at the Department of Employment's offices.

Details of Mr. Booth's visit to the plant are expected to be decided at to-day's meeting which should also see a general airing of the issues raised by the 10-month old dispute. But Mr. Booth, in his letter, stressed that he could not talk about any matters which were "sub-judice."

Court hearing

Meanwhile, lawyers for both Grunwick and the Advisory, Conciliation and Arbitration Service will to-day ask the Lord Chief Justice, Lord Widgery, to expedite a court hearing on the dispute.

Grunwick is challenging a recommendation made by the Advisory, Conciliation and Arbitration Service that the strikers' union, the Association of Professional, Executive, Clerical and Computer Staff, should be recognised for collective bargaining purposes.

These developments last night came after another day of violent picketing outside the Grunwick plant. There were 15 arrests yesterday, bringing the total since the mass picketing started last week to 189. After yesterday's violence between several hundred pickets and police, there were allegations from the pickets of

brutality by police special patrol groups.

For the first time yesterday, Grunwick used specially-bought double-decker buses—instead of the previous hired single deck buses—to ferry staff into the factory through the picket lines. Mr. Ward denied claims by the strike committee that he used the buses to bring in film material.

Mr. Ward was also confident of overcoming the boycott of Cricklewood postal sorters of Grunwick's processed film for mail order clients. "We'll get our mail out one way or another," he said.

A shadow across to-day's meeting with Mr. Booth was cast by Mr. Ward. "I don't think it is a progressive step. All we are discussing are the facts, which Mr. Booth has never really ascertained from the company's point of view."

Philip Rawstone writes: The Conservative Shadow Cabinet last night called on the Prime Minister to state categorically that the police had the full backing and support of the Government in carrying out their duties.

The Conservative leaders also demanded that Mr. Callaghan on behalf of his Government—"including those members of it who joined the picket line at an earlier stage"—should unequivocally condemn the violent form of the picketing had taken.

Mr. Booth last night demanded a full public retraction from Sir Keith Joseph of remarks he made at a Conservative meeting at the Commons earlier this week. Sir Keith was reported to have accused Mr. Booth of using "all means, illegal and legal, fair and foul, to coerce workers into joining organisations they did not wish to join."

Focus on Grunwick, Page 13
Editorial Comment, Page 18

Variable-rate bond supplies run out

BY MICHAEL BLANDEN

OFFICIAL SUPPLIES of the Government's experimental variable-rate stock were exhausted yesterday, just over three weeks after the bond was made available to the market.

The authorities are believed to be pleased with the response to the stock, designed as one of the new instruments introduced to improve official techniques for managing the gilt-edged market and the money supply.

An initial total of £400m. of the stock was issued at the end of May, but unlike normal gilt-edged securities there was no offer for sale to the public. Instead, the whole amount was taken up by the Bank of England and then made available on tap to the market through the Government Broker.

Interest will now centre on how the stock performs in the market without the official tap, and on the prospects for further issues. It is thought likely that the authorities will want at some stage to repeat with a further issue of this kind the initial test of the new technique.

Leyland

Continued from Page 1

ment yesterday after weeks of speculation Leyland and Renault indicated that their talks had reached points of real substance.

In the first place, the statement said, their discussions would be concentrated on transmissions systems. This is one of the critical fields in which Leyland has needed new investment and in which it has a poor record at present, particularly on the front-wheel drive gearbox technology where Renault's expertise lies.

Renault also has a series of heavier duty automatic transmissions which it has been anxious to sell to other companies, arguing that this is not a market which should be left to U.S. manufacturers.

It is believed that new gearboxes for the proposed middle-range LC10 model from Leyland, as well as a small diesel, are two of the items already discussed by the two companies.

The announcement will raise speculation that Leyland may collaborate with Renault on a new small engine for the proposed new Mini. This car, due to be launched in 1981, will at first use the present "A" series engine, but it is known that the company has been considering a totally new drive train for the vehicle.

Mr. Whitaker, who last night described the agreement with Renault as a "significant breakthrough in co-operation," will be joined on the working party by Mr. Spen King, Leyland's director of engineering, Mr. Alan Edlis, director of product planning, and Mr. Ian Showers, director of manufacturing staffs.

Tesco's run-up to the price war

Since Tesco launched the High Street war, last year's results from food retailers have looked more than usually irrelevant to current trading performance. How far gross margins will suffer is still anyone's guess, but the real imponderable is volume. It has been falling since April last year, and even though the drop appears to have halted recently, national food shop sales were down nearly 7 per cent. in the first third of 1977.

But Tesco's figures spell out plainly why it had to launch the war. A turnover increase of 16 per cent. squares with Fine Fare's figure. But the latter's profits were 30 per cent. ahead, and J. Sainsbury extracted an exceptional 70 per cent. profits increase from turnover 22 per cent. ahead. Sainsbury's net margins moved from 2.8 to 3.8 per cent. Tesco's improvement was more modest, margins moving from 4.06 to 4.3 per cent., the first increase since 1973-74, and profits rising 22.8 per cent. to £30.2m.

Given an admittedly dull start to this year Tesco desperately needed some real sales growth. Hence the price-cutting spectacular. It is too early to say whether it has won any lasting loyalties and there is some cost to gross margins as well as the £20m. passed on from the Green Shield saving. The shares—up 1 1/2 to 3 1/2 p on the preliminary figures—stand on a p/e of 8.6, unflattering enough given a forecast 350,000 square feet net—7 per cent.—of added sales area this year (only 140,000 square feet net last year due to building delays). But then all longer-term growth arguments depend on Tesco proving it can strengthen its basic trading formula.

The floater

The exhaustion of the Government's experimental variable rate bond yesterday was not totally unexpected. The stock was first available for purchase through the Stock Exchange on May 30 and it has been estimated that at least half was snapped up in the first week.

Given the recent poor showing of the conventional gilt-edged market, the last three weeks have proved a good time for the floater to make its debut since there have been few rival attractions. From the start the stock has looked particularly attractive to money market

funds since it yields 1 1/2 per cent. over seven day money and more than half a point over Treasury bills. Less than half, and maybe as little as a third, of the £400m. 4.3 per cent. first increase since 1973-74, and profits rising 22.8 per cent. to £30.2m.

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Ferranti

Control of Ferranti is going to remain in the private sector. That appears to be the message of the preliminary figures for profits £2m. higher at £8.1m. pre-tax despite a fall of over 5 p.m. in exceptional credits.

The Government's support operation in 1975 gave it a 62 1/2 per cent. stake in the equity but only 50 per cent. of the votes. The non-voters are to be enfranchised by October next, year, yet provided Ferranti can secure a listing for its shares at

U.K. TODAY

DRY and sunny. Cloudy in E. and Scotland.

London, Cent. and N. England, E. Midlands.

Dry, cloudy at first, becoming sunny. Max. 20C (68F).

S., N.E. England, Channel Is.

Dry, cloudy at first, becoming sunny. Max. 18C (64F).

Wales, Lakes, S., N.W. England, Highlands, Argyll, Ireland.

Early mist, dry, sunny. Max. 21-22C (70-72F).

Borders, Edinburgh, Dundee, Aberdeen areas, Moray Firth, N.W., N.E. Scotland, Orkney.

Cloudy, sunny intervals. Max. 16-17C (61-63F).

Shetland.

Cloudy, sunny intervals. Max. 14C (57F).

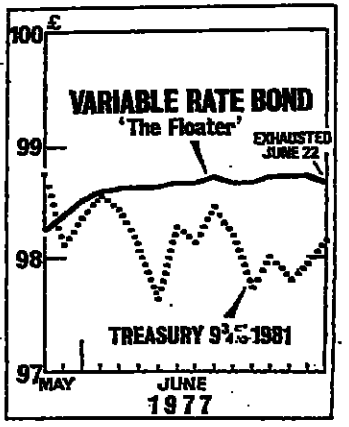
Outlook: Dry, sunny. Some rain over Scotland and N. Ireland.

BUSINESS CENTRES

City	Y'day	Mid-day	Y'day	Mid-day
Anstradam	C 18 61	Madrid	F 21 70	F 21 70
Athens	F 21 70	Managstr.	S 21 70	S 21 70
Bahia	F 21 70	Medan	C 21 70	C 21 70
Barcelona	F 21 70	Melbourne	C 21 70	C 21 70
Bombay	F 21 70	Moscow	C 18 57	C 18 57
Buenos Aires	F 21 70	Mumbai	C 18 57	C 18 57
Calcutta	F 21 70	New York	F 21 70	F 21 70
Cairo	F 21 70	Newcastle	S 15 39	S 15 39
Cardiff	F 21 70	Osaka	F 21 70	F 21 70
Cebu	F 21 70	Paris	C 18 57	C 18 57
Colon	F 21 70	Perth	F 18 55	F 18 55
Dacca	F 21 70	Prague	F 21 70	F 21 70
Dhaka	F 21 70	Rabat	F 21 70	F 21 70
Edinburgh	F 21 70	Rio de Janeiro	S 21 70	S 21 70
Geneva	F 21 70	Singapore	F 21 70	F 21 70
Hong Kong	F 21 70	Sydney	C 18 57	C 18 57
London	F 21 70	Taipei	C 18 57	C 18 57
Lyons	F 21 70	Tokyo	F 21 70	F 21 70
Manila	F 21 70	Winnipeg	F 21 70	F 21 70
Medan	F 21 70	Zurich	F 21 70	F 21 70

HOLIDAY RESORTS

City	Y'day	Mid-day	Y'day	Mid-day
Algeria	F 21 70	Las Vegas	C 21 70	C 21 70
Alexandria	F 21 70	London	C 21 70	C 21 70
Amman	F 21 70	Luxor	C 21 70	C 21 70
Ankara	F 21 70	Managstr.	S 21 70	S 21 70
Antwerp	F 21 70	Medan	C 21 70	C 21 70
Athens	F 21 70	Melbourne	C 21 70	C 21 70
Bahia	F 21 70	Moscow	C 18 57	C 18 57
Bangkok	F 21 70	Mumbai	C 18 57	C 18 57
Barcelona	F 21 70	New York	F 21 70	F 21 70
Bombay	F 21 70	Newcastle	S 15 39	S 15 39
Buenos Aires	F 21 70	Osaka	F 21 70	F 21 70
Calcutta	F 21 70	Paris	C 18 57	C 18 57
Cairo	F 21 70	Perth	F 18 55	F 18 55
Cardiff	F 21 70	Prague	F 21 70	F 21 70
Cebu	F 21 70	Rabat	F 21 70	F 21 70
Colon	F 21 70	Rio de Janeiro	S 21 70	S 21 70
Dacca	F 21 70	Singapore	F 21 70	F 21 70
Dhaka	F 21 70	Sydney	C 18 57	C 18 57
Edinburgh	F 21 70	Taipei	C 18 57	C 18 57
Geneva	F 21 70	Tokyo	F 21 70	F 21 70
Hong Kong	F 21 70	Winnipeg	F 21 70	F 21 70
London	F 21 70	Zurich	F 21 70	F 21 70



price of over 11% by that date, the (or rather the NE holding back to 5 A Stock Excha such a price now, some transformer moved out of the U.K. operation as put up a much performance. Debt control relative and deferred tax ported earnings share and there is well-covered dividend the return on ave still under 15 p interest, and the like to get another under its belt before plunge.

BP allotment

Anxious predic stockholders of dealings begin in paid at 3.30 next be exaggerating but the Bank of have to be careful basis of allotment clear. The postin letters, will not for another week will have to satis that their client any case messy arise from the in proportion of app and cheques whi are incorrectly fi Bank will press some lengths to for in that event partly paid woul delayed by some

Profits

Although the figures for gross duct confirm that remains very strong growth in fits continues. profits of compar per cent in Janu; pared with a almost twice as GDP, and the sl of stock a S10m recovery. Som roughly 8. the middle of reached 8 per ce quarter of 1977, operation in 1975 gave it a 62 1/2 per cent. stake in the equity but only 50 per cent. of the votes. The influe Sea oil, however, year, yet provided Ferranti can secure a listing for its shares at

Beaverbrook Board to be told of fourth bidder to-day

BY MAX WILKINSON

THE BOARD of Beaverbrook Newspapers meets to-day to consider the possibility of an outright takeover bid from one of several rival suitors.

The meeting comes after a statement from the group yesterday that it was "considering a number of alternative proposals regarding the future of the group."

The proposals could involve offers for the voting shares controlled by the Aitken family and Beaverbrook trustees as well as for the non-voting "A" shares, the group added.

There appear to be four contenders—one of them at a preliminary stage of inquiry. None has yet produced firm proposals which seem likely to be acceptable to Beaverbrook and a protracted series of negotiations is expected.

Mysterious

The possible suitors are: Associated Newspapers, Rupert Murdoch's News International, publisher of The Sun and the News of the World; Sir James Goldsmith head of Cavenham; and a fourth "heavyweight" company outside the newspaper industry.

EEC to consider Japan bearing offer

BY DAVID BUCHAN

BRUSSELS, June 22.

THE European Community is to consider an offer by Japanese bearings manufacturers to increase their export prices in what is seen as a major concession to the EEC's biggest-ever anti-dumping case.

The European Commission is expected to urge the Council of Ministers to accept the offer, made over the week-end, which is believed to set out a range of price increases ranging from 10 to 20 per cent. depending on the size of the company.

It is not, however, certain that the Council will accept the Japanese offer. Some members states, it is being suggested, may want to teach Japan a lesson—as one official put it—by rejecting it and making the provisional duty which expires on August 5 permanent.

Sensitive

Officials in Brussels were wary to-day of drawing from this concession any implications for the other trade sectors, such as shipbuilding and steel, where Japan and the Nine are at loggerheads. The Commission views with alarm the EEC's growing trade deficit with Japan—\$4bn. last year and estimated here at \$5bn. this year.

Japan's bearing imports

Air pact

Continued from Page 1

crease net profits by about £3m. a year for every percentage point the North Atlantic passenger-seat availability ratio increases beyond its present 60 per cent.

The British Caledonian service from London to Houston would operate out of Gatwick and could start almost immediately. The American response to this service will be permitted after three years, and will also be forced to use Gatwick.

Ironically, it is Laker Airways, whose Skytrain the Government fought tooth and nail for months, which emerges with a secure future on the London-New York route.

Any American answer to Skytrain on this route will have to come from one of the designated carriers, Pan Am or TWA.

Because of the frantic nature of the closing session of talks before the deadline yesterday a number of details of the agreement remained unclear.

The two delegations met again in the afternoon to resolve some of these outstanding issues.

Concorde, whose slow progress through the American courts has frequently cast a shadow over the negotiations, will not be mentioned in the text of the agreement.

But the British are happy that at least nothing has been done to hinder its chances of permanent establishment on London-Washington when the present experimental period runs out in September. A service into Texas is also a possibility.

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